Austria Sch23	Indonesia Rp2100	Oman Or1
Bahrain Din0.750	Iran Ria168	Philipines Peso40
Belgium BFr50	Israel RS3.50	Portugal Esc140
Cyprus C£0.90	Italy L1700	Qatar QR8.00
Denmark DKr10.00	Jordan Fils.500	S.Arabia Rls7.00
Egypt E£2.25	Kuwait Fils.500	Singapore S$4.10
Finland Fmk7.00	Lebanon [illegible]	Spain Pta145
France FFr7.00	Lux LFr50	Sweden SKr10
Germany DM2.50	Malaysia Rlnt4.25	Switz. SFr2.40
Greece Dr120	Morocco Dh6.00	Thailand Bht45
Hong Kong HK$12	Neth Fl3.00	Tunisia Din.650
Ireland [illegible]	Nigeria [illegible]	Turkey L600
India Rup15	Norway NKr10.00	UAE Dh7.00

EUROPE'S BUSINESS NEWSPAPER

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The new political landscape
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World News

Warsaw Pact proposes early talks on arms cuts

The Warsaw Pact proposed early talks on reducing tactical nuclear missiles in Europe, causing further disarray among Nato nations which are considering updating such weapons. Page 2

Recruit spotlight

Noboru Takeshita, Japanese Prime Minister, shifted the Recruit scandal spotlight on to his predecessor Yasuhiro Nakasone. Page 6

Concorde tail loss

A supersonic Concorde lost part of its tail on a flight from New Zealand but landed safely at Sydney airport. Page 10

Basque attack

Suspected separatist guerrillas killed a civil guard in a submachine-gun attack near the Basque city of Bilbao, Spain, in their first fatal assault this year. Page 2

Swapo appeal

Sam Nujoma, leader of Swapo began broadcasting appeals to his fighters to return to Angola. Page 6

Lebanese aid

Lebanon's Moslem leader welcomed French assurances of impartiality over distribution of emergency aid in Beirut despite earlier reports that they would reject it. Page 6

North wrote 'lies'

A Washington prosecutor said Oliver North wrote "a pack of lies" in answering congressional queries about US aid to the Nicaraguan rebels.

Cool Bonn reception

Vernon Walters, former deputy director of the CIA, is expected to receive a cool reception in West Germany as US ambassador. Page 2

Austrian nurse held

Vienna police arrested a fifth nurse in the inquiry into the murder of 49 elderly hospital patients.

Ulster bomb attack

One person was killed and up to 30 injured in a bomb attack on a Northern Ireland police station. Page 10

China-Japan talks

Chinese Premier Li Peng, at the start of a five-day visit to Japan, called for more Japanese investment in China. Page 6

Mid-east meeting

President Hosni Mubarak of Egypt and Yassir Arafat, the leader of the PLO, are travelling to Jordan to discuss peace proposals with King Hussein. Page 6

Mexican mass grave

A mass grave containing 12 bodies, apparently victims of a drug-smuggling cult that conducted human sacrifices, was found near the Mexican border town of Matamoros.

Khomeini cheque

Iranian leader Ayatollah Khomeini has written a cheque for $18m to help rehouse 25,000 people made homeless by floods in eastern Iran

Tsar uncovered

The body of Russia's last Tsar, believed to have been destroyed by acid, was found by a Soviet writer in 1979 but he dared not tell the world, a Moscow newspaper said.

Business Summary

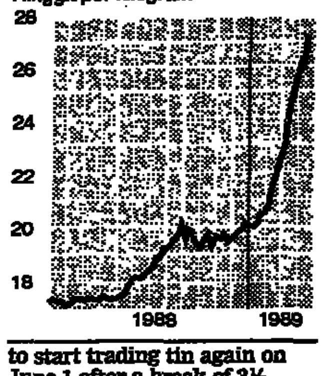
GPA to place record order for 200 new aircraft

GPA, the world's largest aircraft leasing company, based in Ireland, is expected to announce one of the biggest batches of aircraft orders ever, worth about $15bn. Page 20

THE LONDON Metal Exchange, a world reference point for metals contracts, is

Malaysian tin price

Ringgit per kilogram



to start trading tin again on June 1 after a break of 3½ years. Page 20

FUJITSU of Japan has chosen Britain as the site for its first integrated microchip factory in the EC, worth $676m. Page 20

HEWLETT-PACKARD, the US electronics and instruments group, is to acquire Apollo Computer in a $500m cash deal. Page 20

NISSAN, the Japanese car maker, is to invest about $490m in the US, which will double production there. Page 21.

DAF, the Dutch commercial vehicle maker, is expected to raise up to $473m for shareholders when it goes public. Page 21

AUSTRALIA'S Labor Government announced a budget with an electioneering $4.5bn tax cut. Page 20

MR ROBERT MAXWELL, the UK publisher, is to take advantage of a $200m divestment programme by Koor Industries, Israel's largest industrial group. Page 23

WOOLWICH, the UK building society, lost its case against the Inland Revenue over the payment of composite rate tax. Page 10

THE EUROPEAN Commission is studying proposals by the French Government to write off $1.9bn debts owed by Renault car makers. Page 2

FIVE Law Lords, the UK's highest judges, agreed to hear the final appeal by Lonrho, the international trading group, in its legal battle on the House of Fraser takeover. Page 10

COMMERZBANK, West Germany's third biggest bank, reported profits down by 4.3 per cent to $580m. Page 22

VENEZUELA'S general price index rose 21 per cent during March, the highest monthly increase on record. Page 8

THE FAILURE of the Spedley group, Australia's latest corporate collapse, spread in financial markets as four more connected companies had their shares suspended. Page 23

EXPORTS to South Africa from the UK increased 13.3 per cent in 1988 while sales to Nigeria fell 18.9 per cent in the same year. Page 3

THE COUNCIL of Gatt formally approved plans to start regular reviews of countries' trade policies. Page 3

HONG KONG'S Securities and Futures Commission (SFC), the new watchdog body for the local securities industry, will start in May. Page 6

GOVERNMENT inquiry into the New Zealand stock market has recommended a supervisory authority be set up. Page 26

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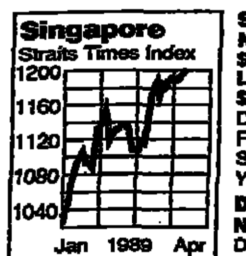

INTEREST RATES
US lunchtime
Federal Funds 9¾ (same)
3-mth Treasury Bills: yield: 8.96% (same)
Long Bond: 97⅞ (97⅝)
yield: 9.12% (9.09)
London
3-month Interbank: close 13¼% (same)

STERLING
New York lunchtime
$1.6905 (1.689)
London:
$1.6900 (same)
DM3.1875 (same)
FFr10.7600 (10.7625)
SFr2.8175 (2.8150)
Y224.75 (224.25)
DOLLAR
New York lunchtime
DM1.8830 (1.88695)
FFr6.3605 (6.3690)
SFr1.66505 (1.66375)
Y133.005 (132.70)
London:
DM1.8865 (same)
FFr6.3675 (same)
SFr1.6665 (1.6650)
Y132.95 (132.75)
GOLD
New York latest Comex June $392.1 (392.3)

STOCK INDICES
New York lunchtime
Dow Jones Ind. Av. 2,318.18 (+6.6)
S&P Comp 299.01 (+0.52)
London:
FT-SE 100 2,030 (+1.7)
World: 142.89 (Tues)
Tokyo
Nikkei Ave 33,256.45 (+6.87)
Frankfurt
Commerzbank 1,721.0 (+8.2)
OIL
Brent 15-day (Argus) $19.10 (-0.075) (May)
West Tex Crude $20.55 (-0.185) (May)

Georgian party leader offers to quit as Gorbachev urges peace

By John Lloyd in Moscow

GEORGIA'S Communist Party leader, Mr Dzhumber Patiashvili, offered his resignation yesterday as Mr Mikhail Gorbachev, the Soviet leader, appealed for an end to violent clashes in the republic, which he said had damaged perestroika.

In an address to Georgian people, to be published in today's Georgian press, Mr Gorbachev says: "We stand for the consistent expansion of the rights of the republics."

But he adds: "Restructuring of inter-ethnic relations is not the replanning of the borders or the breakdown of the national-state structure of the country. We are resolutely against this."

Mr Patiashvili's position has looked vulnerable since his predecessor – Mr Eduard Shevardnadze, the current Soviet Foreign Minister – came from Moscow to take control of events in the Georgian capital of Tbilisi following the deaths of demonstrators at the weekend.

The government spokesman, Mr Gennady Gerasimov, said the relevant party bodies had not yet decided whether or not to accept the Georgian leader's resignation.

However, Moscow radio's description of Mr Patiashvili's gesture as "moving," and Mr Gerasimov's reference to it as "noble", suggested that Mr Patiashvili's fate had been sealed.

Mr Gerasimov confirmed reports that Mr Shevardnadze had met leaders of Georgia's nationalist parties, as well as other members of the public and members of the scientific and artistic communities.

Members of that same public will be invited to sit on the special commission investigating the deaths early on Sunday of protestors at the hands of police – deaths which have now officially risen to 19. The death of a young woman in hospital early yesterday took the number of women killed in the incidents to 13.

Opposition activists said last night that they had pasted a list of 40 names on walls around the city, of those people either known to be dead or missing, presumed dead.

These sources are insisting that 30 is the minimum number of casualties – thus implicitly downgrading earlier estimates, which gained wide currency in Tbilisi, that as many as 200 people had died.

One nationalist leader said strikes and demonstrations had spread to many parts of the region.

The line from the Government at every level now is much more conciliatory than the abrasive assumption earlier this week that the demonstrators were asking for trouble.

Pravda, in another brief report – all the Soviet media have been curt about the events – criticised the lack of information, said the events were a "tragedy" and promised that those responsible would be brought to justice – without specifying whether these were on the side of the troops or the demonstrators.

Mr Gerasimov said that funerals of the 19 victims would begin today, when one would be buried, followed by 11 tomorrow and the rest at the weekend.

Further demonstrations may take place at the Friday funerals. The day is the anniversary of a famous demonstration in 1978, for which a large protest meeting had been planned before the events of last weekend.

SmithKline and Beecham agree £6bn merger plan

By Peter Marsh in London and James Buchan in New York

AN AGREED merger aimed at creating the world's second-biggest pharmaceuticals group was announced yesterday by SmithKline Beckman of the US and Beecham of Britain, the two big healthcare companies.

The merged group would have a market capitalisation estimated at about £6bn ($10bn) and annual sales of about £3.7bn – half of which would be in prescription drugs and the rest in a number of health-related products including over-the-counter medicines.

The agreement involves setting up a new company, SmithKline Beecham, based in London and owned equally by the shareholders of the two existing companies. It would be the biggest drugs business after Merck of the US, the industry leader.

The get-together is based on a complex arrangement of share swaps involving investors in the two companies which would be supplemented by an additional dividend payment to holders of SmithKline shares.

Last night, however, some financial analysts expressed doubt about whether the agreement would gain the necessary backing from shareholders, particularly those in SmithKline, when they consider it in June. The analysts said the accord seemed more worthwhile for Beecham shareholders and there was also speculation that a rival drugs company might bid for SmithKline, pushing up the price of its stock on Wall Street and ruining the chance of the Beecham deal going ahead.

Wall Street analysts yesterday expressed disappointment that SmithKline stockholders were due to receive little cash under the merger terms.

Analysts in London and New York said the package being offered to SmithKline's shareholders was hard to value, with assessments ranging from $60 to $70 a share.

Wall Street signalled, however, that it would be receptive to an all-cash offer for SmithKline from another company.

Mr Samuel Isaly, a pharmaceuticals analyst at SG Warburg in New York, said he thought there was a "significant likelihood" of a counter-bid for either one or both of Beecham or SmithKline.

In early trading in New York yesterday, SmithKline shares dropped by about $1 to a little over $63. In London, Beecham shares had risen 40p in early dealings before finishing the day on 615p, up 14p.

Under the merger plan, Mr Bob Bauman, 58, chairman of Beecham since 1986, would become chief executive of SmithKline Beecham.

Mr Bauman, an American, has a good reputation in the City of London for improving the performance of Beecham, which was in difficulties early in the 1980s. As part of yesterday's announcement, Beecham estimated its pre-tax profit for the year to March 31 1989 at about £490m, a 17 per cent increase on 1988.

Mr Bauman will be in charge of day-to-day management at the new company, with the chairman's job being done by Mr Henry Wendt, 55, currently chairman of SmithKline Beckman.

Under the terms of yesterday's agreement, SmithKline's interests in scientific instruments and eyecare are to be spun off to shareholders while Beecham is to seek outside buyers for its existing cosmetics business, which is thought to be worth about £600m.

Delors group unanimous on monetary union

By Peter Norman, Economics Correspondent, in London

THE DELORS Committee of European Community central bank governors and outside experts yesterday reached unanimous agreement on their report plotting the way towards economic and monetary union in the EC.

After two days of negotiations in Basle, Mr Jacques Delors, the EC Commission president and chairman of the 17-man group, announced: "The report is finished and the conclusions are unanimous."

Neither Mr Delors nor any other member of the group would disclose details or say whether all disagreements had been overcome. It is understood that the details of the report are being kept under wraps until EC heads of government have had an opportunity to read it.

Even before EC leaders had seen the report, there were renewed signs that the issue of economic and monetary union was moving back into the centre-stage of European politics.

In Bonn, Mr Helmut Kohl, the West German Chancellor, restated his vision of a European central bank and a single currency at the end of the process towards unification of the 12 EC member countries. In a speech to the European Parliament in Strasbourg, Mr Felipe Gonzalez, the Spanish Prime Minister, declared that Spain would seek a "fundamental political debate" on monetary union at the Madrid summit of EC leaders at the end of June.

In Basle, Mr Delors said he planned to hold a press conference about the report next Monday.

The fact that the report was signed by all 12 EC central bankers represented on the Delors Committee suggests that it is a pragmatic document that has successfully met objections to earlier drafts raised by West Germany, Britain and Luxembourg. If this is the case, the report should be a technical document that nonetheless outlines some of the costs in terms of national sovereignty over economic policy that monetary union in the EC would involve for the member states.

Asked by reporters in Basle about his reaction to the committee's final text, Mr Karl-Otto Pöhl, the Bundesbank president, said, "I am quite happy."

Mr Robin Leigh-Pemberton, governor of the Bank of England, said on leaving the meeting, "I have signed a unanimous report and am pleased to have done so."

One committee member said the document contained "a lot of German thinking." Another said Mr Pöhl "had good reason to look happy." A month ago, discussions in the committee were marked by a furious argument in which Mr Pöhl, Mr Leigh-Pemberton and Mr Pierre Jaans, the head of the Luxembourg Monetary Institute, complained that the draft prepared at that time envisaged too rapid a movement towards economic and monetary union in the EC.

Mr Pöhl has long maintained that monetary union in the EC and its institutional trappings such a central bank and common currency should be distant goals to be reached after the achievement of far greater convergence of the 12 member states' economic performance.

In the committee, France, Italy and Spain had pushed for rapid institutional steps towards monetary union, involving changes to the EC treaties.

Mexico reveals loan pact with IMF

By Richard Johns in Mexico City and Stephen Fidler in London

MEXICO has released details of an agreement in principle with the International Monetary Fund (IMF) over new loans, an unusual move designed to show the Government has made no concessions to the Fund to secure financing.

The publication of the so-called letter of intent between Mexico and the IMF was made with the apparent aim of convincing public opinion that Mexico had not changed its economic programme to satisfy the Fund – a sensitive political issue.

Announcing the accord with the Fund, Mr Pedro Aspe, Mexican Minister of Finance, said that "a considerable proportion" of an IMF extended fund facility – equivalent to $3.63bn over three years with the option to extend it for a further year – would be devoted to reducing the principal and the servicing of the debt.

An IMF official in Washington said yesterday that Mexico would almost certainly qualify for an additional $500m this year from the Fund's Compensatory and Contingency Financing Facility, because of the fall last year in its export earnings and the increase in prices of imported foodstuffs.

Having reached agreement with the Fund, Mexico will begin formal negotiations with its main commercial bank creditors next Wednesday on a financing accord. The Mexicans want to include in the agreement a rescheduling and other financing options for banks, including new loans, the voluntary capitalisation of interest, and the reduction of debt and servicing.

Mr William Rhodes of Citicorp, chairman of Mexico's bank advisory committee, described the IMF accord as a "positive signal that forms an important part of Mexico's economic programme." He said it would facilitate negotiations with the banks.

Mexico's immediate aim is to reach a comprehensive agreement by August, reducing the outflow of resources to service debts from 6 per cent of gross domestic product to 2 per cent. The letter of intent says that a net increase of the availability of financial resources of $7bn or more will be needed annually during President Carlos Salinas de Gortari's six-year term of office.

Negotiations with the World Bank on $1.5bn worth of loans to support Mexico's structural reform programme would be concluded in the near future, Mr Aspe said.

Initiation of talks with the Paris Club of creditor countries on restructuring Mexico's debt would also take place soon, he added.

Hewlett to acquire Apollo in surprise US computer deal

By Louise Kehoe in San Francisco

HEWLETT-PACKARD, the US electronics and instruments group, is to acquire Apollo Computer, the Massachusetts-based computer manufacturer, in a $500m cash deal that suprised the US computer industry.

The acquisition is Hewlett-Packard's largest since the 1960s and is a major departure for the company.

HP executives said it reflected the company's determination "to be a major player in the computer business as a whole, and in particular in the fast growing workstation segment."

Computer workstations are high performance desk-top machines used primarily in scientific and technical applications as well as in sophisticated financial analysis. The workstation market is the fastest-growing segment of the computer industry with worldwide sales expected to top $6bn this year, up 50 per cent from 1988.

HP and Apollo both have major shares of the workstation market. HP took 16.9 per cent last year, according to Dataquest, the market research firm, while Apollo was estimated to hold 13.5 per cent. Combined, the companies' workstation sales could top those of the market leader, Sun Microsystems, which announced a new range of high-performance machines yesterday.

One of the pioneers of the computer workstation industry, the nine-year-old Apollo has been under intense competitive pressure from Sun and others over the past year and has been losing market share.

Apollo's financial performance has also suffered. The company reported losses in the second and third quarters of last year to produce net income of $2.1m, or 6 cents per share, for 1988, down from $20.5m or 56 cents in 1987.

Although revenues rose 18 per cent, to $653.5m for 1988, the company's growth did not keep pace with market expansion.

HP is offering $13.125 per share for Apollo, well above yesterday's opening price for Apollo's shares of $8.125.

However, Apollo's stock price rose quickly on the news, reaching $12.75 by midday. HP's share price fell ⅝ to $53⅞.

HP said the acquisition had been unanimously approved by the boards of both companies and that it planned to begin a tender offer in five days.

HP and Apollo have much in common in their approach to the workstation market.

Both have based their low-end workstation products on the same Motorola microprocessors, while each has its own proprietary Reduced Instruction Set Computing architectures for high-performance workstations.

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Ten commandments of a multi-billion crisis

Everyone agrees with President George Bush (left) that the Savings and Loan debacle must be tackled urgently. The only problem is that they disagree on how it must be done.
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East bloc proposal on tactical missiles keeps Nato off balance

Pact offers new nuclear arms talks

By Robert Mauthner, Diplomatic Correspondent

THE WARSAW Pact yesterday contributed to the disarray among the Nato nations on the updating of tactical nuclear missiles by formally proposing early talks on reducing and eventually eliminating these weapons stationed in Europe.

A statement issued at the end of a meeting in East Berlin of the Pact's foreign ministers said the member states were prepared to open preliminary consultations with Nato on the terms of reference for negotiations on short-range nuclear weapons, which would run parallel to the Vienna conventional arms talks.

Such negotiations should also cover the nuclear component of dual capable systems, which can fire either conventional or nuclear arms.

The proposal, which was immediately rejected by Britain, was foreshadowed in Mr Mikhail Gorbachev's speech in London last week in which he strongly opposed the updating of Nato's Lance tactical nuclear missiles and called for the progressive elimination of nuclear weapons.

A Foreign Office spokesman in London said Britain would oppose negotiations on short-range nuclear weapons because the two alliances did not agree on a common concept for such negotiations. As Sir Geoffrey Howe, the Foreign Secretary, pointed out in a speech last Tuesday, Mr Gorbachev believed in a nuclear weapons-free world, whereas Nato's basic strategy was one of nuclear deterrence, which had ensured world peace for an unprecedented period of more than 40 years. Conventional weapons alone had never stopped wars erupting.

However, the Warsaw Pact's proposal is likely to have a much more sympathetic reception in Belgium and West Germany. Although neither of these countries is in favour of eliminating tactical nuclear weapons in Europe, both consider that Nato would be ill-advised to update its missiles in the present vastly improved climate of East-West relations.

Mr Wilfried Martens, the Belgian Prime Minister, warned his Western partners on Tuesday that his Government would not support any decision by Nato on the modernisation of the ageing Lance missile, which has a range of 75 miles, before 1991-92.

This is also the timetable favoured by West Germany, where Chancellor Helmut Kohl has come under strong pressure from anti-nuclear opinion, which has partly contributed to the ruling Christian Democratic party's recent election setbacks.

Nato defence ministers are due to have a first discussion of the Pact proposals at their meeting in Brussels next week. But the final decision on the updating of the alliance's tactical nuclear weapons in Europe is not due to be taken until the summit in Brussels, marking the 40th anniversary of the Alliance's foundation, at the end of May.

The big questionmark hanging over that meeting is what stand the US will adopt. In the closing months of President Ronald Reagan's Administration the US was already veering towards a compromise which would take West Germany's strong reservations on short-range nuclear weapons into account. But the new Bush Administration has yet to clarify its position.

Strasbourg votes fast move to 'clean' cars

By Tim Dickson in Strasbourg

THE prospect of markedly "cleaner" European cars in less than four years time was dramatically raised last night when the European Parliament overwhelmingly voted for a quick move to tougher US style pollution standards.

The decision, which could involve the European motor industry in billions of pounds of extra investment, is probably the most spectacular use so far of the Strasbourg assembly's new constitutional powers and poses a major political challenge to several member states, notably Britain and France.

It effectively means that the Council of Ministers - the EC's main decision making body which has already tortuously agreed a more modest compromise on so called "small" cars - will either reluctantly have to swallow the "greener" amendments or reject them unanimously in favour of their own more cautious alternative.

EC officials and diplomats admitted last night that unanimity against the Parliament's amendments is almost out of the question, while it was widely observed that the next meeting of EC Environment Ministers is due to be held just a few days before the European elections in mid June. "The pressure on member states to go along with this will be enormous. Given the timing, it will be very difficult for them to vote against," a senior Commission official commented last night.

Arguably the key development yesterday was the open alliance between the Parliament and the European Commission, which has been swept along in recent months on a tidal wave of green politics.

Mr Carlo Ripa di Meana, the EC's environmental Commissioner, said last night that he was "fully satisfied" with the results of the amendments which provide for standards on small cars (less than 1400cc) of 20 grammes per test for carbon monoxide and 5 grammes per test for a combination of hydrocarbons and nitrogen oxides by 1 January 1993. (For technical reasons the Commission will put forward a range of 19-21 and 4.8 to 5.2 respectively.)

The figures of 20 and 5 are directly in line with US Federal standards and significantly tougher than the 30 and 8 provisionally agreed by a "qualified majority" of member states last November.

Underlying but complicating the whole debate is a fierce battle over the most appropriate technology for meeting the tougher "US style" norms. At the moment only the so called three way catalytic converter is capable of doing the job but Britain, among others, has invested large sums of money in the cheaper lean burn engine.

Eta gives notice of terrorist campaign as Guard is shot

By Tom Burns in Madrid

A POLICEMAN was shot dead at point-blank range in Bilbao yesterday, hours after the Basque separatist organisation, Eta, issued a statement warning of widespread terrorist action.

Mr Jose Calvo, a 51-year-old Civil Guard sergeant who worked at the Bilbao port customs, was the first fatal victim of Basque violence since Eta declared a truce at the beginning of January in response to an offer of peace talks with the Madrid Government. The negotiations, which were held in Algiers, broke down at the end of last month.

Eta's statement yesterday claimed responsibility for a spate of letter bombs in the past days and for a series of explosions at the weekend on the railway line linking Bilbao to Vitoria, the seat of Basque regional government.

Letter bombs sent to the offices of Mr Jose Barrionuevo, a former Interior Minister, and to those of the government delegate in the Basque country failed to explode.

The statement said there would be further letter bombs, and it warned that the railway lines between Madrid and Bilbao and Madrid and Valencia would be bombed this week. It added that the increased violence would be curtailed should the Madrid Government return to the Algiers negotiating table and agree to a joint statement on the progress of the talks since January.

The wording of the Algiers statement led to the breakdown of the talks. The Madrid officials who had been meeting the Eta representatives refused to endorse the document's references to substantive political negotiations.

Yesterday's shooting and the threatening statement put an end to the faint remaining hopes that the negotiating process could be resumed. Following the murder, Mr Jesus Eguiguren, Speaker of the regional Basque parliament, expressed a consensus view: "Eta has definitively closed the door on any possibility of pacification by way of dialogue."

Brussels to clear air on reciprocity

By David Buchan in Brussels

THE EUROPEAN Commission is expected to clarify later today what it expects from the rest of the world in return for the Community's planned liberalisation of financial and other services, and to refine the circumstances in which such reciprocity demands might be made.

Sir Leon Brittan, the Competition Commissioner, is concerned that the reciprocity provision in the draft Second Banking Co-ordination Directive, approved by the Commission last year before he took over EC responsibility for financial services, has roused needless foreign fears about European protectionism.

By the same token, foreign governments and business will read the outcome of today's Commission debate in Strasbourg for signs of whether their anxieties about a "Fortress Europe" are justified.

Until at least the close of the Uruguay Round of Gatt talks, banking reciprocity is seen abroad as the litmus test of EC attitudes on trade in services, as the question of how Europe handles Japanese car imports beyond 1992 is regarded as the test for trade in goods.

Sir Leon is proposing a redrafting of the banking draft directive - which needs EC governments' eventual approval - to give the Commission more discretion in seeking matching access for EC banks in third countries.

As presently drafted, the banking plan stipulates that the Commission must apply a foreign reciprocity test to each and every future application by a foreign bank to establish or acquire a subsidiary in the Community.

Today's discussion, which pits Sir Leon, Mr Frans Andriessen, the External Affairs Commissioner, and Mr Martin Bangemann, the Internal Market Commissioner, against Mr Jacques Delors, the Commission president, Mrs Christiane Scrivener, the Tax Commissioner, with some support from other commissioners, will not turn on whether Europe should seek some form of reciprocity from its partners.

The main thrust of the EC banking plan is to give any bank, whatever its ownership, "a single banking licence" to conduct from a base in one EC state business in all other 11.

"The Community cannot be reproached for trying to get others to open up their markets," Mr Andriessen said last week, acknowledging that the outcome in the banking sector would largely determine how Europe tackled bilateral reciprocity in related areas like investment services, and in other areas of services and public procurement. In the absence of an overall Gatt pact, no multilateral trade rules yet govern these sectors.

Precisely because of the precedent-setting nature of a banking reciprocity decision, officials close to Mr Delors have argued for delay. But the successful mid-term assessment of the Gatt talks may tip the arguement against them in this year's new Commission which looks like having a more pronounced free trade bent than its predecessor.

A first reaction to any Commission changes may come at next Monday's meeting of EC finance ministers.

Kohl set to reshuffle cabinet

David Marsh in Bonn

MR HELMUT KOHL, the West German Chancellor, is expected to announce today his long-awaited Cabinet reshuffle, with Mr Gerhard Stoltenberg, the Finance Minister, likely to take over the Defence Ministry job.

Mr Theo Waigel, leader of the Bavarian conservative Christian Social Party, is expected to move to the Finance Ministry, according to reports circulating in Bonn last night.

Mr Kohl is also likely to move Mr Wolfgang Schaeuble, his right-hand man, as Chancellery Minister, to the Interior Ministry, where he will take over from Mr Friedrich Zimmermann.

Although officials could not confirm details of the moves last night, Mr Alfred Dregger, leader of the conservative Parliamentary grouping in the Bundestag, said the changes to be announced today would be a "good solution."

Mr Kohl's reshuffle is designed to improve the centre-right Government's fortunes, after a string of regional election setbacks. Altering the Cabinet line-up, however, just two months before the Government's next test at the European elections in June, amounts to a clear gamble. The moves add up to the Chancellor's last significant chance to reshape his team before the run-up begins in earnest to the next general election in December, 1990.

The changes look likely to be accompanied by a decisive shift in West Germany's nuclear energy strategy, which could also be designed to stem the tide of anti-nuclear voters switching to opposition parties.

According to officials in Bonn, Mr Kohl next week is expected to discuss with President François Mitterrand giving up West Germany's planned nuclear reprocessing complex at Wackersdorf in Eastern Bavaria. West Germany would then make much more use than planned of France's giant reprocessing plant at La Hague in Normandy for processing spent fuel from nuclear power plants.

This move, which would end an ambitious German plan to forge ahead in nuclear fuel technology, has been foreshadowed by a decision from Veba, the German energy and chemicals group, which has an important indirect stake in Wackersdorf, to co-operate with Cogema, the French nuclear fuels company.

Gonzalez set on raising divisive issues at EC Madrid summit

By Tim Dickson in Strasbourg

MR FELIPE GONZALEZ, Spain's Prime Minister, yesterday outlined his hopes for the European Community's June summit in Madrid and made clear his determination to raise some of the issues which most divide the 12 member Governments of the EC.

Addressing the European Parliament in Strasbourg in his capacity as President of the European Council, Mr Gonzalez said Spain is keen to use the Madrid meeting to make progress on closer monetary union, to raise the question of "social rights" in the Community, to set a programme for the removal of physical frontier controls, and to reach an "understanding" on what the EC can do to ease the debt problem in developing countries.

The Spanish leader took the opportunity to parade his personal enthusiasm for closer European integration, the importance of the "social" dimension of the internal market, and the need to use the powers of the Single European Act to improve the life of "the average European citizen". He believed progress towards the goal of the 1992 programme was "irreversible" but warned that many of the more "complex decisions which affect basic principles" had yet to be taken.

On monetary union Mr Gonzalez said the Madrid summit needed to have an "in depth political debate" and to draw up medium term objectives and a timetable for action.

On social matters Mr Gonzalez expressed his hope for a "far reaching exchange of views" in Madrid and declared his particular enthusiasm for a Community action plan against unemployment.

Referring to the international debt problem he claimed the US and the IMF " were beginning to recognise" that Europe could not be left out. "We will come up with an understanding among the 12 (at Madrid) in order to prepare internal action in this area".

Mr Gonzalez said it had been a fundamental objective of the Spanish Presidency for Europe's voice to be heard "loud and clear". He highlighted the recent agreement between the 12 on the control of chemicals for chemical weapons as a sign of the way political co-operation was becoming closer.

Commission studies Renault debt plan

By William Dawkins in Brussels

THE EUROPEAN Commission is studying new French proposals on the conditions under which the Government wants to write off FFr12bn (£1.1bn) of the debts of Renault, the state-owned car producer.

Mr Roger Fauroux, France's Industry Minister, has written to Brussels explaining how he plans to remove the company's state debt guarantees so that it competes under more normal commercial conditions. Commission competition officials are expected to take up to a fortnight to decide whether they are satisfied.

If Brussels is not convinced that France is sticking to the spirit of an agreement last year to remove Renault's special status as a *regie* (which cannot be declared bankrupt) it could launch a legal action against the Government.

The previous French conservative Government had promised to remove Renault's *regie* status by the end of last year, as the main condition for the debt write-off.

But the succeeding Socialist administration decided to change the deal, a reflection of the fact that it could not get parliamentary approval because of intense opposition among its Communist and union supporters.

Instead, it passed a decree (which does not need full parliamentary assent) making it possible for Renault to be declared bankrupt. The Commission is not satisfied that a mere decree can be as binding as a law.

Legislation on Renault could bring an internal crisis for the French Government, yet any softening on the issue from the Commission would provoke protests from the UK and West German governments, both of which have been forced in recent years to cut back on state aid to car producers.

Walters: US anxiety

Bonn cool on new US envoy

By David Goodhart in Bonn

MR VERNON WALTERS, former deputy director of the CIA, will find a more critical reception when he arrives in West Germany as US ambassador this month than he received at yesterday's confirmation hearing of the Senate Foreign Relations Committee in Washington.

Mr Walters' appointment is seen by many analysts as a measure of US anxiety over West German drift on security matters. He is regarded as more conservative than his predecessor, Mr Richard Burt, and has a reputation as a "trouble-shooter".

During his military career - 1941 to 1976 - he served as special aide and often interpreter, to several presidents. Prior to his appointment as the US's Permanent Representative to the UN in 1985 he served as a special adviser to Secretary of State Alexander Haig and then, 1981 to 1985, as Ambassador-at-Large.

In the latter capacity he travelled to more than 100 countries as the Reagan Administration's chief diplomatic trouble-shooter. He *speaks seven languages*, including German.

His appointment has not pleased liberal and left-wing opinion in Bonn and he will not receive an ecstatic welcome from the Foreign Office. A recent German television programme was highly critical of his role in various Third World countries during his time at the CIA and implied he was a supporter of the late General Franco of Spain.

Mr Walters, 72, is expected to take a hard line on early modernisation of short-range nuclear missiles which West Germans want to postpone until after the 1990 election.

Mr Hans-Jochen Vogel, the opposition Social Democrat leader, who recently visited President George Bush, reported back that the US position on modernisation was tougher than the West German Government was letting on.

Danes expected to oppose directive on broadcasting

By Hilary Barnes in Copenhagen

THE DANISH Government is expected to lay out its strong opposition to a European Community directive on broadcasting at a Council of Ministers meeting today.

Mr Niels Wilhjelm, the Minister for Industry, is expected to tell the council Denmark will neither administer the directive, nor change its legislation to comply.

He will add that if the European Court finds Denmark is obliged to follow the directive, Denmark will then declare the issue to be "of vital national importance", the procedure required before a country can exercise a veto. Denmark's minority coalition government has come under pressure from a majority in the Danish Parliament's influential Market Affairs Committee to stop the directive.

The opposition Social Democratic Party's market affairs spokesman, Mr Ivar Noergaard, said yesterday the Government must either follow the majority or resign.

The Danish objection to the directive is that it impinges on an issue of cultural policy, and cultural policy is not covered by the Rome Treaty. For the Danes, therefore, the issue is one of principle rather than the content of the directive.

However, the Commission sees the directive as concerning freedom to exchange television services within the context of the open market.

The directive contains guidelines on advertising, the broadcasting of offensive material, such as pornography, and calls for television programmes to contain a majority of European material where practicable.

Cheaper EC air fares glimpsed on the horizon

William Dawkins examines the implications of the European Court ruling on airline price-fixing

THE BATTLE for cheaper air fares has been made a lot easier by the European Court of Justice's ruling that nearly all airline price-fixing accords may contravene EC competition rules. But it will be several years before travellers see real benefits.

The ruling was welcomed warmly yesterday by the European Commission, central player in the future of competition in air transport. It strengthens Brussels' hand as it prepares proposals for the second stage of EC air transport liberalisation, to build on a hard-won package adopted by the 12 Community governments in December 1987.

Not surprisingly, the airline industry reacted with chilly caution to the decision, sparked off by a cut-price ticket scheme run by two Frankfurt travel agents.

The case confirms for the first time that EC rules against anti-competitive agreements apply to internal domestic flights and to routes between Community and non-EC airports. This goes well beyond current EC rules on free competition in air travel, which only apply to flights between member states.

The decision also stipulates that governments, with very few exceptions, cannot sanction fares resulting from such agreements, a blow to some countries' tendency to protect national carriers.

"This is a landmark judgment, with far-reaching implications for consumers and airlines alike," said Sir Leon Brittan, the Competition Commissioner. Mr Karel Van Miert, his colleague in charge of transport, said it would "reinforce public hopes" for liberalisation.

"It is a milestone, though it has certain consequences which one might regret one day," warned Mr Karl-Heinz Neumeister, secretary general of the Association of European Airlines (AEA), representing 21 carriers.

In the immediate future, the court decision could help the Commission make up its mind on a complaint against the French Government for refusing European licences to the independent airline Union de Transport Aeriens (UTA), as well as help it decide on the potentially anti-competitive takeover by KLM of the fellow Dutch airline, Transavia.

What happens next depends on how the ruling is exploited by interested parties, like competing new carriers keen to undercut established airlines, disgruntled passengers, or the Commission itself.

It also depends on how far the Brussels executive (not all members of which are avid deregulators) follows the spirit of the court's ruling in its next round of air transport rules, due to be tabled by October.

The proposals would then have to run the gauntlet of EC governments' conflicting interests and loyalties to national airlines, before taking effect.

The 1987 airline package sets restrictions on inter-airline and government accords on price fixing, tariff and capacity sharing. It also gives airlines a so-called block exemption, allowing them to agree fares between EC states voluntarily, subject to strict conditions.

These apply for a three-year period ending in April 1990, by when the Commission aims to bring into effect the next phase of air deregulation.

The current rules are based on another European Court judgment, in 1986, on a case involving a French travel agent who sold cut-price tickets. That simply confirmed for the first time that EC competition rules applied to air travel, while this week's ruling provides a detailed explanation of just how those rules should be applied.

The heroes of this case are another set of entrepreneurially minded travel agents, Ahmed Saeed Flugreisen and Silver Line Reiseburo, of Frankfurt, who annoyed Lufthansa by undercutting its fares from Frankfurt to Tokyo.

They found they could sell tickets from Lisbon via Frankfurt to Tokyo for up to 60 per cent less than Frankfurt to Tokyo direct, thanks to the weakness of the Portuguese escudo against the D-Mark.

The West German Association for the Campaign against Free Competition, a kind of fair trade watchdog, sued the travel agents for breaking national air fare rules and undercutting government sanctioned ticket prices.

The travel agents lost in local courts and appealed to the country's high commercial appeal court in Karlsruhe, which passed on the case for Luxembourg's opinion two years ago. The ruling will now be put into effect by the West German courts, no doubt to Mr Saeed's intense relief.

In detail, the Luxembourg court ruled on three key points:

● Bilateral or multilateral price fixing pacts for domestic routes or flights between EC and non-Community airports are void unless specifically cleared by the national authorities in the EC country involved.

The Commission should vet tariff-fixing accords on flights between EC countries - as opposed to national authorities as under the present system.

● Price fixing accords can be banned if they force competitors to follow excessively high or low prices, or force all carriers to charge the same on a single route. The ruling confirms EC law considers that an illicit abuse of a dominant position.

● Governments cannot generally protect national airlines by authorising anti-competitive price-fixing agreements or artificial prices. They can only do so if this is essential for airlines to carry out a task "of general interest," like being asked by a government to fly an otherwise unprofitable route. The details and how this affects fares must be clearly explained, said the court.

Airlines will now be holding their breath to see what the Commission makes of it all. The AEA's Mr Neumeister foresees several problems. Greater price competition than allowed under the present EC airline rules could jeopardise the ease with which travellers can use tickets issued by one carrier to travel on another. This practice known as interlining, is most common in business class, where different airlines' fares are most closely co-ordinated.

EC airlines could suffer if the Community were to challenge tariff accords with third countries on the basis of the decision. US airlines, for example, would be only too glad to see Washington scrap its bilateral air agreements with European governments, so that they could then undercut their EC competitors more easily on US-European routes.

"We are not applauding," says Mr Neumeister. "But it's better to have a clear milestone than having uncertainty. It is better for us to know the rules of our business well in advance."

Cigna's Irish link

Cigna Corporation, one of the largest US insurance companies, is to set up a medical claim processing centre in Ireland, writes Kieran Cooke in Dublin. Claim forms will be flown each day to the centre which will be linked by computer to a US data processing installation. This will then send cheques to claimants. The time difference between Ireland and the eastern US will enable Cigna to add five hours to its processing workday.

Energy from nuclear fusion fuels Italian enthusiasm — and doubts

By Bruce Clark, recently in Rome

THE PRESIDENT of the main nuclear research agency in Italy - a country where interest in nuclear fusion is particularly strong - doubts whether the process will be of commercial use until well into the next century.

Unless there are "pleasant surprises", says Professor Umberto Colombo, "we remain 35-40 years away from the availability of fusion on a commercial basis." The claim of Profs Stanley Pons of the US and Martin Fleischmann of Britain to have achieved fusion in a test-tube, at a cost of just over $100,000, generated enormous excitement in Italy, which devotes a higher proportion of its research effort to nuclear fusion that any other European country.

But Prof Colombo, president of the research body Enea, said the new theories should complement rather than replace the existing, vastly more expensive research projects. "We were impressed by the (new) reports . . . they open a new research line which ought to be pursued without a negative bias and *without excessive optimism*," he told the FT in an interview.

He said that both Enea and Italy's National Research Council would conduct experiments, in parallel with other European centres, along the lines of the Fleischmann-Pons announcement "without any preconceived opinion." But the new theories should not justify any reassessment of the European Community's overall nuclear fusion policy.

The Oxford-based, EC-backed European Torus project, which produces fusion at temperatures of millions of degrees, costs about £75m a year, and its successor is expected to be even more expensive.

Prof Colombo, who also directs research into "renewable" power sources, was strikingly optimistic about the prospects for a breakthrough in solar energy.

"I believe that Italy could get 10-20 per cent of its energy from solar sources by 2020," he said. "Although solar energy is not competitive with fossil fuel at present values, the price of oil is bound to get much higher as time goes by."

Italy's interest in both fusion and renewable energy reflects its overwhelming dependence on foreign energy sources (to the tune of more than 80 per cent) and the fact that its voters renounced current nuclear fission technology in a 1987 referendum.

Reuter adds from Moscow: Soviet scientists have also managed to create nuclear fusion at room temperature, the Tass news agency reports. It said Dr Rumar Kuzmin, of *Moscow University's* physics faculty, had performed some 20 experiments which he said proved the phenomenon.

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WORLD TRADE NEWS

Lesotho looks to $2bn dam for economic lift

Peter Montagnon reports on a project for which South Africa is the sole customer

RAISING $1bn in foreign loans would be enough of a headache for any developing country in today's difficult markets. For the tiny African state of Lesotho, so poor that it depends almost entirely on concessional aid, it is a major challenge.

Yet the Lesotho Highlands Development Authority (LHDA) is preparing to raise credits of up to this amount as part of the financing for its ambitious development scheme under which it will eventually supply water at a rate of 70 cubic metres a second to the Vaal triangle industrial area south of Johannesburg in neighbouring South Africa.

Much of the money will come from the World Bank and official export credit agencies, but there will also be a large dose of commercial bank finance. Raising it has been complicated by the involvement of South Africa as backer of the scheme and its sole foreign customer.

The scheme involves the construction of a 180m-high dam at Katse on the Malibamatso River, the largest such dam built anywhere in the world for more than two decades. When it is completed in 1996 at a total estimated cost of some $2bn, water from the Senqu river system which at present flows southeastwards out of Lesotho towards the Atlantic will be diverted north in a series of tunnels down through the mountains into South Africa's Ash river.

The project has been under consideration for some 30 years, but only now has it begun to take shape. In the hope of a slice of the action, contractors from such far-away places as Turkey and Taiwan are lining up with their South African and European competitors to register for bids by the cut-off date next month. All have been told financing arrangements will be crucial to the award of the work.

For Standard Chartered Merchant Bank retained by LHDA as financial advisers to the scheme there is a particular challenge. It has to persuade potential lenders to stump up long-term funds for a project whose sole customer will be South Africa, a country with serious debt problems of its own and shunned for political reasons by the international financial community.

To skirt the problem it has devised a complex financing structure under which the World Bank will rank on an equal footing with other offshore lenders. Essentially there will be four separate sources of funds for the project. The World Bank itself has offered $50m but hopes are it will eventually lend up to $100m; on present estimates export credit agencies should put up some $275m with additional funds coming from national aid donors - even South Korea and Taiwan are to be asked to consider aid finance later this spring. The balance will be met with offshore commercial bank finance and loans in rand raised through South African banks with a Pretoria government guarantee.

Under a treaty signed in 1986, South Africa has assumed responsibility for the costs of water transfer

How these two last components will be split will depend heavily on who wins the final contract. The water supply scheme is a labour intensive project which will carry a large amount of local costs. Lesotho's currency, the Loti, is fully backed by the Rand to which it stands on a par.

Especially if most of the suppliers are South African it would make sense for the bulk of the financing to be in rand. Yet LHDA is determined to raise a large portion of the local costs in offshore currencies, not least because even so-called "local costs" will place an indirect burden on the rand area balance of payments. Machinery has to be purchased by local suppliers and fuel has to be imported to run it.

Under a treaty signed between South Africa and Lesotho in 1986, South Africa has assumed responsibility for the costs, including debt service in any currency, of that part of the project relating to water transfer. Lesotho will bear responsibility for an associated hydroelectric power scheme to be financed mostly with aid money and will end its almost total dependency on South Africa for power supplies.

For lenders this means that the risk carries a basic South African flavour even though it is actually the LHDA which is raising the money.

To distance the financing from both the economic and political problems connected with South African loans, a trust fund is to be established in the UK. This fund will receive debt service payments from South Africa and channel them on a *pari passu* basis to all lenders.

One result will be to free lenders of any direct commercial relationship with South Africa. The US government, normally very strict in this regard, has indicated it is a structure which will allow the project to be considered for both Eximbank credits and aid.

All creditors will also be treated equally by the fund. South Africa, which already has a treaty obligation to make debt service payments available, will automatically fall foul of both export credit agency lenders and the World Bank if it falls into arrears.

Despite its debt problem, it has always serviced export credit agency debt on time. Though it is not itself a borrower from the World Bank it is a member of that organisation and is unlikely to want to incur the opprobrium that a default would bring.

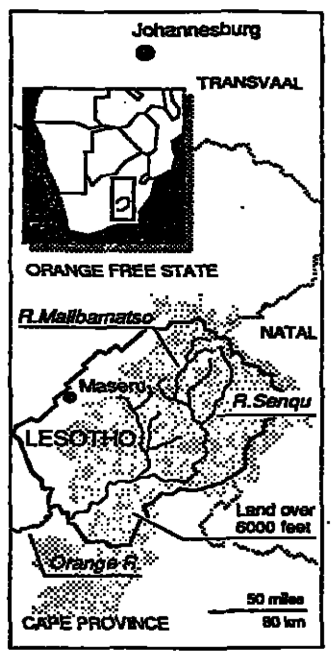
The signs are that this structure has proved adequate to generate some real interest from commercial banks whose participation is vital.

LHDA has been able to appoint a number of "preferred banks" to study the project: Banque Nationale de Paris and Banque Indosuez in France, Dresdner Bank in Germany and Hill Samuel in the UK. Soon it will also nominate a bank to advise a strong contingent of Italian bidders, though this will not be an Italian institution.

There will always be some who regard the whole scheme as a backdoor way of allowing South Africa to regain access to world capital markets. But the project's promoters say it will bring significant benefits to Lesotho too.

Water is one of its only resources. It will be able for the first time to turn it into cash in the form of a regular flow of more than $60m equivalent a year in royalty payments from South Africa.

Then there is the additional economic growth that such a large project will generate. And finally it will no longer be hostage to the whims of Pretoria's Electricity Supply Commission for its electricity supplies.



British exports to South Africa up 13% last year

By Michael Holman, Africa Editor

BRITAIN'S exports to South Africa increased by 13.3 per cent in 1988 while sales to Nigeria fell 18.9 per cent, according to the annual report of the London Chamber of Commerce's Tropical Africa section.

The two countries are Britain's largest trading partners in Africa.

UK exports to South Africa reached £1.075bn last year, but sales to Nigeria dropped to £390m, the lowest for more than 10 years.

The report makes no comment on Britain's trading relationship with South Africa. But the figures suggest businessmen are responding to the British Government's advocacy of more trade with Pretoria.

Excluding South Africa, Britain had an "indifferent trading year" with the 44 sub-Saharan countries, says Mr Kenneth Ward, chairman of the Tropical Africa Committee.

"The UK still appears not to be exploiting the African economies which are on the mend," writes Mr Ward in the preface. "The value of two-way visible trade increased by an insignificant £117m or just 2.75 per cent, which probably represents a reduction in real, or volume terms."

He notes that while UK exports to 16 African countries increased in 1988, they declined in 26, including Ghana (down 8.7 per cent) and Mauritius (down 13.1 per cent), where economies are growing.

UK exporters made progress in some Francophone states – Senegal (up 34.4 per cent), Ivory Coast (up 16.4 per cent) – but "overall, this is not a picture from which much satisfaction can be gained."

● BIAO-Afribank of France has agreed to assist the financing of US exports through its network of subsidiaries and affiliate banks in 18 African Countries, Nancy Dunne reports from Washington.

Under an agreement with the US Export-Import Bank, BIAO-Afribank may make fixed-interest, medium-term loans worth more than $300,000 to finance sales of US manufactured equipment and services. The French institution may also use Eximbank guarantees to cover fixed or floating-rate loans in US dollars or French francs.

Gatt to start regular trade policy reviews

By William Dullforce in Geneva

THE COUNCIL of the General Agreement on Tariffs and Trade yesterday formally approved plans to start regular reviews of countries' trade policies and endorsed improvements to Gatt's dispute settlement mechanism.

The European Community immediately claimed that, if the revised dispute procedure meant anything, the council had to adopt an important panel ruling against the US for discriminating against foreign companies when handling patent infringement cases.

However, the US blocked council approval for the third time running, even though the EC request was strongly supported by 16 other countries. Washington has argued the panel findings have wide-ranging consequences for other countries' trade policies.

The EC said yesterday the findings were strictly limited to the application of section 337 of the US Trade Act to patent cases. US failure to endorse the panel report could have negative repercussions on Gatt's Uruguay Round where protection for intellectual property rights is an issue of contention between industrialised and developing countries.

Canada also clashed with the US. First, it complained that Washington was planning Gatt-breaching action, to hasten Canada's compliance with a ruling against a ban on exports of Canadian salmon and herring to the US. Second, it followed the EC in asking Gatt permission to retaliate against the US, because of Washington's failure to comply with a ruling that the US "Superfund" oil levy discriminates against imports.

The Gatt council yesterday put its stamp on measures to reinforce the multilateral trading system agreed by trade ministers at their mid-term review of the Uruguay Round in Montreal in December, but put "on hold" until the farm trade reform row was settled.

Time limits are being introduced to Gatt's dispute settlement process. The new rules apply only to complaints submitted after May 1 this year.

Gatt will start its trade policy reviews with the US later this year.

The US, EC, Japan and Canada will be subject to review every two years, the 16 next biggest traders at four-year intervals and the others every sixth year. Meetings of Gatt ministers will be held at least once every two years.

Nicaragua agrees deal for Soviet airliners

AERONICA, the national Nicaraguan airline, is shortly to take delivery of a TU-154 Soviet jet airliner, and two AN-32 turboprop transports in a deal worth Roubles 33m (£31m), Tim Coone reports from in Managua.

The jet aircraft will be used to improve services on Aeronica's international routes to Panama, Mexico and Guatemala while the turboprops will be used on internal routes.

Aeronica presently uses two Boeing 727s, for its international flights and World War II vintage C-46 and C-47s and one Casa Aviocar for local services.

The US trade embargo on Nicaragua prevents Aeronica from flying to the US, but according to Mr Julio Rocha, Aeronica's general manager, negotiations are underway to open a new route to Canada.

● The East German state airline Interflug will start flying two Airbus A310 passenger jets on routes to Havana, Peking and Singapore from July, reports the official ADN news agency.

East Germany agreed last July to lease three Airbus airliners made by a consortium of French, West German, British and Spanish companies.

The Interflug aircraft will be able to carry 208 passengers and have a range of 9,760 km. ADN did not say when the third Airbus would be brought into service.

Palestinian farm exports to EC run into problems

By Hugh Carnegy in Jerusalem

THE FIRST season of direct farm produce exports from the Israeli-occupied West Bank and Gaza Strip to the European Community has fallen disappointingly short of targets set last year, but EC officials and producers say they will persevere next season.

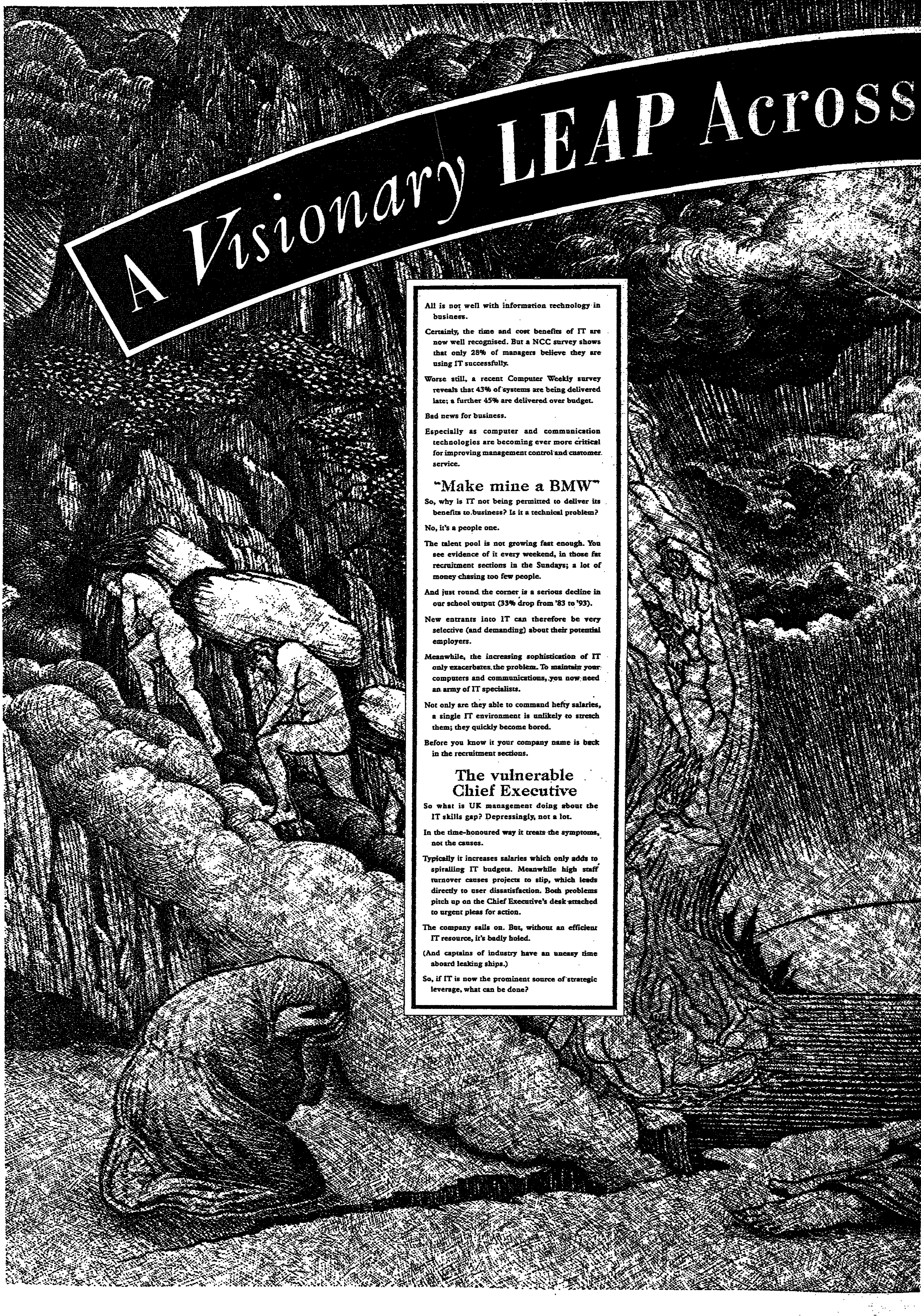
After a long diplomatic battle with a reluctant Israel to win direct export rights for the Palestinians, the EC was dismayed when the first two shipments in December, of 1,100 tonnes of grapefruit from Gaza and 40 tonnes of aubergines and peppers from the West Bank, ran into a series of problems which left exporters angry and out of pocket.

Subsequently, two loads of Valencia oranges totalling 1,250 tonnes from Gaza were shipped to Rotterdam and nearly 50 tonnes of aubergines and peppers went to France from the West Bank. EC officials said these were sold successfully at good prices.

However, the amount reaching European markets was nowhere near the 16,000 tonnes which Gazan producers originally contracted to ship between December and April.

Problems included delays at Israeli ports, spoiling of produce en route and disputes with importers over prices and marketing. Mr Hashem Ata Shawa, chairman of the Gaza Citrus Producers Union, said two shipments of oranges had to be cancelled after preparation was disrupted by lengthy curfews during the Palestinian uprising. Frost damage had also been a factor. He said one further shipment of oranges might be possible this season.

The difficulties at the destination seem to have been smoothed. Mr Shawa said producers had lost money on the December grapefruit shipment after a row with the wholesaler, but had received payment for the two subsequent orange loads, albeit after some delay in one case. "It was a difficult beginning, but we hope next season will go better," Mr Shawa said.



All is not well with information technology in business.

Certainly, the time and cost benefits of IT are now well recognised. But a NCC survey shows that only 28% of managers believe they are using IT successfully.

Worse still, a recent Computer Weekly survey reveals that 43% of systems are being delivered late; a further 45% are delivered over budget.

Bad news for business.

Especially as computer and communication technologies are becoming ever more critical for improving management control and customer service.

"Make mine a BMW"

So, why is IT not being permitted to deliver its benefits to business? Is it a technical problem?

No, it's a people one.

The talent pool is not growing fast enough. You see evidence of it every weekend, in those fat recruitment sections in the Sundays; a lot of money chasing too few people.

And just round the corner is a serious decline in our school output (33% drop from '83 to '93).

New entrants into IT can therefore be very selective (and demanding) about their potential employers.

Meanwhile, the increasing sophistication of IT only exacerbates the problem. To maintain your computers and communications, you now need an army of IT specialists.

Not only are they able to command hefty salaries, a single IT environment is unlikely to stretch them; they quickly become bored.

Before you know it your company name is back in the recruitment sections.

The vulnerable Chief Executive

So what is UK management doing about the IT skills gap? Depressingly, not a lot.

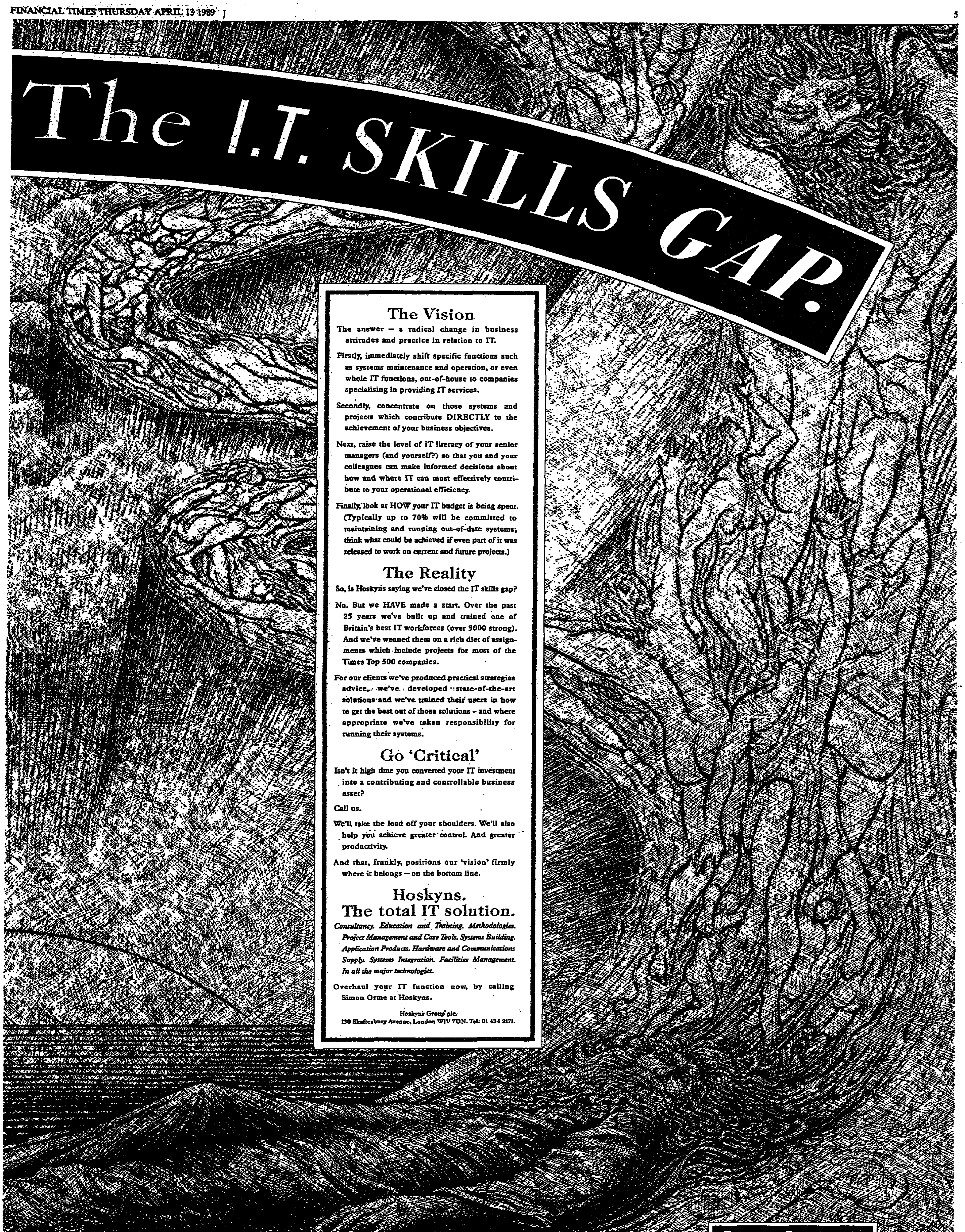
In the time-honoured way it treats the symptoms, not the causes.

Typically it increases salaries which only adds to spiralling IT budgets. Meanwhile high staff turnover causes projects to slip, which leads directly to user dissatisfaction. Both problems pitch up on the Chief Executive's desk attached to urgent pleas for action.

The company sails on. But, without an efficient IT resource, it's badly holed.

(And captains of industry have an uneasy time aboard leaking ships.)

So, if IT is now the prominent source of strategic leverage, what can be done?



The I.T. SKILLS GAP.
The Vision
The answer – a radical change in business attitudes and practice in relation to IT.
Firstly, immediately shift specific functions such as systems maintenance and operation, or even whole IT functions, out-of-house to companies specialising in providing IT services.
Secondly, concentrate on those systems and projects which contribute DIRECTLY to the achievement of your business objectives.
Next, raise the level of IT literacy of your senior managers (and yourself?) so that you and your colleagues can make informed decisions about how and where IT can most effectively contribute to your operational efficiency.
Finally, look at HOW your IT budget is being spent. (Typically up to 70% will be committed to maintaining and running out-of-date systems; think what could be achieved if even part of it was released to work on current and future projects.)
The Reality
So, is Hoskyns saying we've closed the IT skills gap?
No. But we HAVE made a start. Over the past 25 years we've built up and trained one of Britain's best IT workforces (over 3000 strong). And we've weaned them on a rich diet of assignments which include projects for most of the Times Top 500 companies.
For our clients we've produced practical strategies advice, we've developed state-of-the-art solutions and we've trained their users in how to get the best out of those solutions – and where appropriate we've taken responsibility for running their systems.
Go 'Critical'
Isn't it high time you converted your IT investment into a contributing and controllable business asset?
Call us.
We'll take the load off your shoulders. We'll also help you achieve greater control. And greater productivity.
And that, frankly, positions our 'vision' firmly where it belongs – on the bottom line.
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OVERSEAS NEWS

Takeshita shifts Recruit spotlight on to Nakasone

By Stefan Wagstyl in Tokyo

MR Noboru Takeshita, the Japanese Prime Minister, yesterday shifted the Recruit scandal spotlight on to Mr Yasuhiro Nakasone, the former prime minister, in a dramatic parliamentary manoeuvre.

But the move is unlikely to quell suspicion about the beleaguered Mr Takeshita's own role in the affair, which has wreaked havoc in Japanese politics since last summer.

On Tuesday, the focus had been on Mr Takeshita as he submitted himself to a gruelling cross-examination before the Diet over Y151m (£670,000) in donations he had received from Recruit, the company at the centre of the scandal.

But yesterday, at Mr Takeshita's behest, the ruling Liberal Democratic Party resumed discussion of the 1989 budget bill, in defiance of a boycott of the debate by opposition parties.

This flew in the face of a convention under which the ruling party conducts business in the Diet (parliament) in co-operation with the opposition.

The opposition has been boycotting debate over the budget to try to force Mr Nakasone to give evidence about his involvement in the scandal.

Mr Takeshita's move dramatised the position of Mr Nakasone, who is refusing to appear before the Diet, defying sections of the LDP as well as the opposition.

As Mr Takeshita doubtless intended, the contrast between his own appearance before the Diet and Mr Nakasone's non-appearance could hardly be greater.

Speaking before the Budget committee of the Diet's lower house, a junior LDP member said: "Mr Takeshita gave clear answers with dignity. Mr Nakasone must come forward."

However, Mr Nakasone's own faction continues to stand by him. Members agreed at a meeting yesterday that the former prime minister should not give evidence at least until a public prosecutor investigating the affair has completed his work.

The scandal concerns financial support given by Recruit, a business information company, to leading politicians and others in public life. An investigation by the public prosecutor, which has led to 13 arrests, has focused on the sale by Recruit of cut-price shares in Recruit Cosmos, a subsidiary.

Mr Nakasone is under particularly heavy suspicion because he was a leading beneficiary of Recruit's favours in 1986-87, when he was prime minister. The prosecutor is investigating claims that Mr Nakasone helped Recruit expand its business into telecommunications by promoting its links with Nippon Telegraph & Telephone, which was then wholly state-owned.

Political analysts said that Mr Takeshita's Budget debate move would probably help him restore some authority over his party in the short term. But it could easily rebound if fresh allegations against him surface.

The LDP has forced through a bill despite an opposition boycott once before during the scandal – a controversial tax reform at the end of last year.

Earlier this year, jointly with the opposition, it passed a temporary 50-day budget for the year beginning April 1 in order to give more time for the opposition to put pressure on Mr Nakasone. But Mr Takeshita clearly decided that government business had drifted for too long and this week's opportunity to take charge of events was too good to miss, despite the risks.

The ruling party has to get the budget bill through the committee by April 21 if it is to become law in time to avoid the need for a second temporary bill.

A second stop-gap budget would be undesirable because it would be strong evidence that the government had lost the ability to govern and further damage the party's standing in the opinion polls.

Chinese premier Li Peng, at the start of a five-day visit to Japan yesterday, called for more Japanese investment in China during talks with Prime Minister Mr Noboru Takeshita, Reuter reports from Tokyo.

Foreign Ministry officials said Li's priority was an increase in the transfer of Japanese investment and technology, although he did not mention specific projects.

Australian troops at the Namibia-Angola border prepare to receive Swapo guerrillas. None has yet turned up at a UN reception point for transportation into Angola

Nujoma tells men to enter Angola

By Our Foreign staff

MR Sam Nujoma, leader of the South West Africa People's Organisation, yesterday began broadcasting appeals to his fighters to return to neighbouring Angola, but made no mention of the nine UN-administered border points.

Yesterday disputes continued over the terms of last Sunday's ceasefire agreement, and by last night none of the Swapo guerrillas who have been fighting South African forces in northern Namibia had responded to calls to gather at the designated assembly points.

Up to 1,700 Swapo guerrillas, members of a 2,000-strong force which crossed from Angola into Namibia on April 1 in defiance of the peace plan for the territory, are supposed to report to the points. They would then be transported to camps at least 90 miles inside Angola. More than 260 guerrillas and 27 security force members were killed during fighting this month.

Swapo officials yesterday responded angrily to a statement on Tuesday by Mr Louis Pienaar, the South African administrator-general of Namibia, in which he said that UN officials had agreed members of the territory's police force would interrogate guerrillas reporting to the assembly points.

They would be asked about the deployment of other insurgents and the whereabouts of possible arms caches.

UN officials denied the agreement. Western diplomats in Namibia condemned the interrogation plan as a violation of the spirit of the ceasefire agreement.

The UN has also been criticised for establishing the points close to South African bases. A Swapo official in the Angolan capital of Luanda said: "No one is going to turn up at the assembly points under these conditions." The official also accused South Africa of jamming Mr Nujoma's broadcast.

Mr Martti Ahtisaari, the UN representative in Namibia, was expected to meet Mr Pienaar for talks yesterday.

Voters and analysts alike view budget with suspicion

Australia's budget has met criticism from economists and cynicism from electors, reports Chris Sherwell

AUSTRALIA'S Labor government last night set about selling a vote-catching package of tax cuts and pay rises with all its customary flamboyance.

Ministers billed the tax cuts and higher social security payouts as the biggest in the country's history, and the plan to link pay rises with work practice reforms as the most far-reaching overhaul of the labour market since the turn of the century.

But they had to confront strong criticism from the opposition, employers and economic analysts, and suspicion from a long-suffering electorate, where confidence about the economy is at a new low and cynicism about politicians remains high.

The main points are:

● Tax cuts of A$4.9bn (£2.3bn), reducing all marginal rates from July. The lowest marginal rate of tax will be cut from 24 to 21 cents in the dollar, and will apply to incomes of up to A$17,650.

A lower rate of 29 per cent will cover incomes up to $20,600, and of 39 per cent up to A$35,000. Above this a new top rate of 47 per cent (down from 49 per cent) will be phased in by January 1990.

● A separate A$710m social security package, covering family allowances and pension benefits, which will lift disposable incomes further. About A$350m will come from reductions in funding for Australia's state governments, the other half through federal spending cuts, notably in health and defence.

● A promise by the federal government to run a budget surplus in 1989-90 "at least equal" to the A$5.5bn originally projected for the current year, leaving scope for further tax cuts in future. Mr Paul Keating, the Treasurer, said the public sector borrowing requirement would again be "no greater than zero."

● Under the government's latest "accord" with the trade unions, earnings in 1989-90 are to be held to 6.5 per cent. But to be paid, these rises must be accompanied by renegotiated agreements on wages and conditions which produce a more flexible, productive and highly-trained workforce.

Details of this "award restructuring" will be determined through the Industrial Relations Commission, the country's central wage-fixing body. Significantly, everything appears to be up for negotiation and, crucially, the rises themselves will be contained by phasing in over more than a year.

● Other structural reforms, to be announced next month – including belated changes to ports and coastal shipping.

Unfortunately, Mr Keating ignored the opportunity to give balance of payments or inflation forecasts for the current year, insisting only that his tight fiscal and monetary policies were taking effect.

But he reaffirmed the government's "unequivocal" commitment to achieve a lasting turnaround in the "unsustainably high" current account and external debt imbalances.

Overall, the package means an Australian wage-earner on average earnings of around A$460 per week with a dependent spouse and two children will receive an extra A$24 through tax cuts and can look forward to another A$30 if he agrees quickly to changed work practices.

One major question is whether the surging economy, where domestic demand expanded by 8 per cent in 1988 and is driving the current account deficit to a record A$15bn or more, can now tolerate such a stimulus.

According to Mr Keating, the impact on domestic demand will not occur immediately, will not all impact on consumption or imports, and will take place in the context of a slowing economy. Most hope he is right, but they also wonder increasingly about his judgment.

The other major question is whether the pay rises will blunt Australia's international competitiveness, especially as employers will never secure fully offsetting productivity gains for the rises.

In Mr Keating's view, the past six years of wage restraint under the accord must now be rewarded, and the alternative of a free-for-all in the current tight labour market would be a wages explosion, inflation and recession. On that key question, opinion is mixed.

Paul Keating: rewards after six years of pay curbs

France beats hasty retreat over intervention in Lebanese crisis

By George Graham in Paris

FRANCE yesterday staged a hasty diplomatic retreat over Lebanon, amid mounting criticism of its improvised attempt to assist the country's Christian population.

As a French envoy continued efforts in Beirut to arrange for the docking of two French ships carrying fuel and medical supplies, the Government sought to defuse controversy over its latest intervention in the Lebanese crisis.

President François Mitterrand said that he supported the peace efforts of the Arab League, adding that the aid France had sent was not destined only for one side in the Lebanese conflict.

"France is and wants to be the friend of all the Lebanese, whatever their faith, whatever their community," Mr Mitterrand said.

The statement amounted to an attempt to undo the diplomatic damage caused by France's confused response to the recent fighting in Beirut.

Last week, in response to domestic pressure, Mr Mitterrand expressed support for Lebanon's Christians in their battle with Syrian-backed Moslem forces.

Those remarks angered Syria and apparently embarrassed his own Foreign Ministry.

The Government is also trying to distance itself from statements attacking Syria by Mr Jean-Francois Deniau, an opposition member of parliament who travelled to Beirut as an official envoy last week.

On his return Mr Deniau expressed outspoken support for General Michel Aoun, the Christian military leader who is one of Lebanon's two rival prime ministers.

Mr Roland Dumas, the Foreign minister, has dropped a French proposal for an emergency session of the United Nations Security Council on Lebanon.

This had been coolly received by most of France's Western allies, many of which have been astonished by the ineptitude of French diplomacy in the past week. Other Western countries have refrained from taking sides in the conflict, preferring to voice support for Arab League mediation.

Meanwhile, the two French aid ships remained near Cyprus, instead of continuing to the Christian-controlled port of Jounieh as originally planned.

Mr Selim al-Hoss, Lebanon's Moslem prime minister, has so far refused to accept the aid. He has suggested that the ships dock instead at the Moslem-controlled port of Tripoli. But it appeared increasingly possible yesterday that the two vessels might have to beat a humiliating retreat.

Investors make tracks for Taiwan

FOREIGN interest in investment in Taiwan, particularly from Europe, has picked up sharply after slumping in 1988 because of a soaring currency, wage increases and labour militancy, the government's Investment Commission said yesterday, Reuter reports from Taipei.

Foreign investment approvals jumped 156 per cent to about $477m in the first three months of 1989 from $186m a year earlier, commission spokesman Wang Chih-kang said.

Europe led other foreign investment with a big increase to $163m between January and March 1989 from $2.4m a year earlier. Investment from Hong Kong rose 73 per cent to $38m from $22m.

Investment from the US climbed 39 per cent to $42m from $31m while Japanese investment rose 15 per cent to $98m from $85m during the same periods, according to the commission.

In 1988, Taiwan only attracted foreign investment of $1.18bn, down about 20 per cent from a record $1.42bn in 1987.

Wang said a 40 per cent appreciation in the Taiwan dollar between 1986 and 1987, rising wages, labour militancy and anti-pollution protests had scared some foreign investors.

"But they are returning to Taiwan because we are still one of the best places for investment," he said.

Taiwan has an edge over south-east Asian countries in terms of skilled labour, efficiency, good infrastructure and economic stability, he said.

Most foreign investment was channelled into the service sector, chemicals, machinery and computers rather than conventional labour-intensive industries, he said.

Hong Kong securities watchdog is approved

By Michael Marray in Hong Kong

HONG KONG'S Securities and Futures Commission (SFC), the new watchdog body for the local securities industry, will start up on May 1, following yesterday's passage of the SFC Bill through the colony's Legislative Council, which was accompanied by calls to avoid over-regulation.

"In putting together this bill we have been acutely conscious of the need to avoid over-regulation, which would stifle the vigour and innovation of our markets," said Mr Piers Jacobs, the Financial Secretary, adding that its passage was "a significant step forward in the further development of a stable, fair and orderly market in Hong Kong."

The watchdog, to be chaired by Mr Robert Owen, a former chief executive of Lloyds Merchant Bank, is charged with the task of encouraging self regulation, and the relationship between the SFC and the Stock Exchange will be crucial to the success of the new arrangements.

Mr Francis Yuen, chief executive of the Stock Exchange, said yesterday that acceptable regulatory standards had to be balanced against retaining the entrepreneurial features of the market.

"The question of whether or not we will have over-regulation, and the concern that the SFC will build up an unnecessarily large bureaucracy which would encourage nit-picking cannot be answered until the SFC is fully operational," he said.

The creation of the SFC is designed to help reassure the international investment community about the integrity of local markets, following the October 1987 market closure and the subsequent arrest of exchange officials on corruption charges.

Trading on the Hong Kong stock market has recently been sluggish, but the first quarter of 1989 saw heavy turnover and substantial buying from overseas, seen locally as proof that international institutions have taken note of the clean-up which has taken place since the crash.

Arab leaders seek to counter Shamir plan

By Lamis Andoni in Amman

PRESIDENT Hosni Mubarak of Egypt and Mr Yassir Arafat, the leader of the Palestine Liberation Organisation, are converging on Jordan in an attempt to co-ordinate policy before King Hussein's visit to Washington next week.

The three Arab leaders want to counter the proposals made in Washington by Mr Yitzhak Shamir, the Israeli Prime Minister, who suggested elections in the Israeli-occupied territories as an interim step towards a Middle East peace settlement.

Although the three have responded in different tones to Mr Shamir's proposals, they all want to persuade the US to put its weight behind the idea of an international conference to resolve the Arab-Israeli conflict. They have criticised Mr Shamir's election plan as a tactic to deflect US and international attention from what they see as the main issues: the Israeli occupation of the West Bank and Gaza and their belief that Israel should exchange land for peace.

King Hussein, Mr Mubarak and Mr Arafat seem to be particularly wary of implied Israeli demands that the Palestinian uprising should be halted before any elections in the territories, and they are concerned by official American support, however cautious, for Mr Shamir's plans.

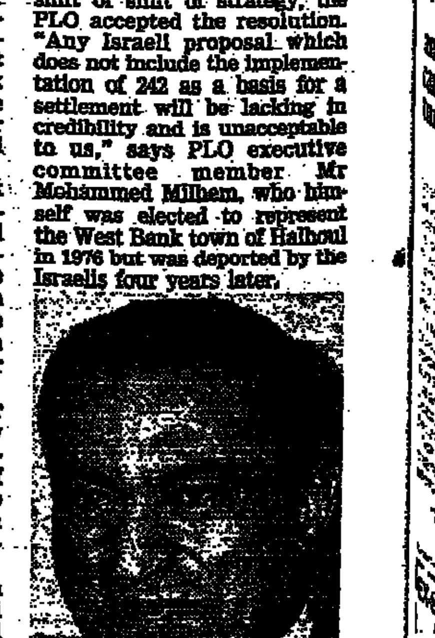
Arab states believe that Mr Shamir's ideas could allow Israel to escape an international conference and shrug off demands that it talk directly to the PLO and withdraw from the territories it overran during the 1967 war.

The PLO leadership, which officially rejected the Israeli proposal, is deeply concerned that Israel is seeking to drive a wedge between the PLO in exile and Palestinians inside the West Bank and Gaza Strip, in order to force the inhabitants of the territories to end their uprising.

Furthermore the PLO is still reluctant to accept elections that could give Israel the chance to pinpoint its main opponents. PLO leaders recall the 1976 municipal elections, when pro-PLO personalities won but were later either expelled or removed from their posts by the Israeli authorities or maimed in attacks by Jewish extremists.

But the major concern for the Arab side remains Mr Shamir's refusal to regard the West Bank and Gaza as occupied territories or to adhere explicitly to UN Security Council Resolution 242. The resolution called for an Israeli withdrawal from territories occupied in 1967 and for all states in the region to be allowed to live in peace.

Last November, in a major shift of shift of strategy, the PLO accepted the resolution. "Any Israeli proposal which does not include the implementation of 242 as a basis for a settlement will be lacking in credibility and is unacceptable to us," says PLO executive committee member Mr Mohammed Milhem, who himself was elected to represent the West Bank town of Halhoul in 1976 but was deported by the Israelis four years later.



Egypt's President Mubarak: meeting Hussein and Arafat

India declines to turn to IMF

By K.K. Sharma in New Delhi

INDIA will continue to make substantial commercial borrowings on the world's capital markets this year rather than take a loan from the International Monetary Fund to tide it over its severe balance of payments problems.

Mr S.B. Chavan, India's Finance Minister, said yesterday he did not think a loan from the IMF would be required this year.

But Mr Chavan, on his return to New Delhi from the annual meetings of the World Bank and the IMF in Washington, kept open the question of taking an IMF loan next year, when he said the decision would be studied afresh.

It is widely believed that the Government is postponing seeking IMF assistance as it would be politically embarrassing with general elections due to be held by the end of this year.

Hence the decision to resort to a high level of commercial borrowings which, Mr Chavan indicated, would remain at about Rs 30bn in 1989-90, the same as in the previous year. This is considered high for India as commercial loans will add to its repayment problems. Commercial borrowings in 1987-88 are estimated at about Rs 25bn, about 25 per cent up on the previous year.

India's current account deficit has widened significantly, mainly because of a rising trade gap and repayments of foreign debt and interest, which account for over 24 per cent of export earnings.

This has led to a sharp fall in foreign exchange reserves to below Rs 50bn (£1.9bn), worth less than three months of imports, a dangerous level.

Mr Chavan admitted that concessional loans would not increase this year and that India's share of soft loans from the International Development Association, the World Bank affiliate, would fall to around 15 per cent of its disbursements, against 40 per cent a few years ago.

Fiji's premier to retire

FIJI'S interim Prime Minister Ratu Sir Kamisese Mara, revered as the elder statesman of the South Pacific, said yesterday he would retire in December when his term of office ends, agencies report from Suva.

His announcement to a meeting of government department heads appeared to end speculation that he might extend his leadership of the interim administration formed after two military coups in 1987, political observers said.

Sir Kamisese, 68, was prime minister of the racially divided country from independence from Britain in 1970 until his 1987 election defeat by Dr Timoci Bavadra's Indian-majority coalition.

Dr Bavadra's government was ousted in the first coup five weeks later, led by then Lt-Col Sitiveni Rabuka.

The prime minister has suffered health problems in recent months, visiting Sydney for specialist medical treatment.

The prime minister has no deputy and political observers said there is no obvious successor. Elections are due to be held next year.

Malaysia's rich mix to whet the business appetite

Wong Sulong reports on a country which is steadily easing the path for the foreign investor

IF YOU want to put your money in Malaysia, old investors tell you, now is the best time.

The country has come out of its deep recession of 1985, with three consecutive years of good growth. It has taken some bitter medicine, through falling living standards, high unemployment, bold government spending cuts, and has emerged with renewed competitiveness. The Malaysian ringgit has fallen more than 30 per cent in three years, but is stabilising.

The political situation is also calming down, with the warring Malay factions returning to the fold of the ruling United Malays National Organisation. Whichever faction eventually succeeds Dr Mahathir Mohamad, the ailing Prime Minister, business is unlikely to suffer.

Race relations, the most difficult part of managing this resource-rich country, have stabilised after the security crackdown of October 1987.

If its leading citizens, forming the national economic consultative council, can hammer out an acceptable economic agenda to replace the controversial 1970-1990 New Economic Policy, Malaysia is well poised for take-off as a future newly industrialised country.

SETTING UP BUSINESSES IN ASIA

Malaysia

Last year, private investment rose by 19 per cent to Ringgit 9.8bn (£2.1bn) and the foreign investor will find he is welcomed. English is the language of business here, and widely spoken on the streets.

Malaysian bureaucracy can be quite awesome and heavy-handed, but this is changing. The 1985 recession, which meant that 60,000 university graduates are still out of jobs, has been salutary.

There is now an appreciation that helping businessmen, foreign or local, to make money is not something vulgar or treacherous.

Hence, it is now much easier to secure approvals to set up a factory or an office. If you operate a manufacturing concern, getting five work permits for expatriate staff is no problem – more if your case is judged reasonable.

Access to relevant ministers and top officials is good, although it can still be frustrating further down the line.

Corruption exists, but is not generally seen as a serious problem. "It is difficult to be specific. A few investors say it's awful, others swear they have never paid a cent. But most find it tolerable," said a British business consultant.

Depending on the type and location of the business the investor has a wide range of tax incentives, details of which are held at all Malaysian embassies. Malaysian authorities would like the foreign investor to conform to the equity guidelines of the New Economic Policy, meaning he should take in a Malay partner. However, this is no longer compulsory - although it is not clear whether this concession will continue after 1990.

Being resource-rich, Malaysia welcomes proposals that add value to its produce. Agro-based industries, aquaculture and petrochemicals are priority projects, as are manufacturing for export as well as tourist-related ventures.

Start-up and operating costs for businesses are competitive, although Malaysia is no longer a low-cost base, like Indonesia or Thailand. It still has considerable advantages, however. Industrial land is relatively cheap. Depending on the location, factory land is between 50 cents and Ringgits 10 per square foot. Many state governments have developed industrial factories for rent. Water and electricity supply is good and seldom breaks down.

Kuala Lumpur office and house rentals and hotel rates are probably the cheapest in the Far East, although they are beginning to firm up.

Labour costs have fallen substantially in recent years. You probably have to pay between Ringgit 1,500 and 2,000 a month for a young engineer or accountant with two to three years work experience. The same goes for a good secretary.

Productivity is excellent and depends on how labour and production schedules are organised. Matshushita and Mattel enthuse about the productivity they get from their Malaysian workers. When managers from Mitsubishi took over Malaysia's troubled national car plant last year, productivity rose by more than 30 per cent, suggesting that Malaysian management may be more of a problem than the country's labour.

Unions are not generally a problem – which is not preventing multinational electronic factories from being unnecessarily provocative in opposing the formation of in-house unions at their plants. During the past decade, the country lost less than 20,000 work-days a year through strikes.

Communications are good. The telephones work (most of the time). The country is served by a good network of airports.

The road and port systems are in reasonably good shape, although they are now under some strain after the recent vigorous trade growth – something the authorities will have to address urgently. A $2bn north-south highway is under construction.

Once your business starts making money, there is no restriction on repatriating the profits. Last year, foreign companies repatriated Ringgit3.5bn in profits and dividends.

Malaysia has a relatively small domestic market with 17m people. But with per capita gross national product of $2,000 and rising, purchasing power is reasonable. And as a bonus there is the affluent market of 2.6m Singaporeans across the causeway. In fact, many Malaysian businesses make full use of the island's sophisticated communications and financial services.

And to really whet the appetite of potential foreign investors Malaysia has its food – multi-ethnic, like the country. Chinese, Malay and Indian, it is very good and very cheap, making eating out a way of life for everybody.

Trade hawks in dog-fight over the FSX

Stefan Wagstyl on the logic behind the rhetoric concerning the US-Japanese fighter

THE US and Japan have fought some hard battles in the past over technology. But they pale beside the fight over the planned joint development of the FSX military aircraft.

Under the terms of an agreement signed in the last few weeks of the Reagan Administration, the two countries are to develop jointly a new fighter, based on the US F-16. But one of the first acts of President George Bush was to order a review of the project which is now dragging into its third month.

The arguments in Washington have ranged widely over political, economic and military relations between the two countries. But a key element of the dispute is increasing doubts in the US over the wisdom of handing over to Japan American technology embodied in the aircraft.

Trade hawks in Washington believe that in transferring information to the Japanese aerospace industry the US may be sacrificing its commercial interests for the sake of its military alliance. In particular, they argue that US technology may help Japan build a commercial aircraft industry to rival America's.

The Pentagon, which stands by the deal, says this is not true. So does Japan which is getting increasingly annoyed about the new administration's attitude. "This has sown seeds of distrust in the US-Japan relationship," says one Western diplomat in Tokyo. Mr Takaaki Yamada, executive vice president of Mitsubishi Heavy Industries, says Japan will have to be more careful in future about entering joint development projects.

Under the terms of the agreement, the US promised to transfer to Japan the designs for the F-16 developed by General Dynamics, a US military contracting company. For its part, Japan would make available to the US all the modifications carried out during the FSX's development.

This includes two especially valuable innovations - a miniaturised radar system and the ability to produce an entire wing out of just two pieces of carbon-fibre reinforced material, which is both lighter and stronger than aluminium.

Japan will pay just $480m to the US for F-16 technology which cost $5bn-$7bn to develop. On the face of it, this seems a bargain, as the trade hawks argue. But Japanese industry executives answer that the technology in F-16 is old, since the aircraft dates back to the late 1970s. General Dynamics has itself developed a more advanced version which it is not going to share with Japan.

Growth in Aircraft Production

	Total Yen(bn)	Military(%)	domestic civilian(%)	export(%)
1983	345.9	76	11	13
1984	434.2	82	8	10
1985	543.4	85	7	8
1986	505.1	83	8	8
1987	540.5	80	11	9
1988	536.8	78	11	11

Source: MITI

Nevertheless, the F-16 technology does include valuable items, notably sophisticated computer codes — called source codes — which enable a pilot to control an aircraft through electronic rather than hydraulic instruments. Japan has its own version installed in an experimental craft called the Control Configured Vehicle or CCV. But this is regarded by both US and Japanese military experts in Tokyo as being primitive in comparison with the flight- and combat-tested F-16.

Another crucial American contribution to the FSX will be engine technology. Japan is well behind the US and Europe in developing jet engines. The most powerful domestically-produced engine is one made by Ishikawajima-Harima Heavy Industries, with a maximum thrust of 3,680 pounds, against 25,000 pounds needed for a jet fighter. Japan will be free to choose between engines supplied by Pratt & Whitney and General Electric for the FSX. But it will not be allowed to play the two companies off against each other to win increased access to technology.

Key parts of the engine will be supplied as black box items — that is, finished products — and excluded from the co-development programme. The same applies to some other of the most advanced components in the F-16, including source codes. US military experts in Tokyo say that in over 30 years of producing American military aircraft under licence, Japan has never broken open a black box and stolen technology.

The other side of the agreement is the technology which will be transferred from Japan to the US. As the Japanese point out, this will be handed over free, with no restrictions on its application within the US to other projects, including commercial ones. The US Defence Department rates this Japanese know-how very highly, particularly the phased-array radar, developed by Mitsubishi Electric.

This is a radar capable of tracking several targets and simultaneously directing fire. US military experts in Tokyo say the only similar radar in the US small enough to be installed in a fighter is still in the laboratories at Texas Instruments and at Westinghouse. Mitsubishi's model has been test-flown over 60 times.

In composite materials the Japanese lead is less dramatic. The techniques, involving treating and baking a mixture of carbon fibres and resins, are familiar around the world. But making anything as large as a wing requires very precise control of the chemical reactions involved.

Western military experts in Tokyo say a US company might also be able to apply the technique to making whole wings but the development costs would be high.

Neither side is giving the other technology which it would otherwise find impossible to develop. The Japanese have CCV, the US has a laboratory version of miniaturised phased-array radar. But the transfers will save both sides a great deal of time and money.

Japan estimates that the FSX will cost Y165bn (£733m) to develop. Even if this proves too low, as is widely expected, the development budget will be a fraction of the cost of independent development. For example, Israel's Lavi fighter was scrapped because it was too expensive after the equivalent of Y300bn was spent. The US's savings will be smaller. But the cost of developing composite-material wings alone has been put at several hundred million dollars.

However, the US trade hawks say that the balance of advantage on the FSX project itself is only half the story. They claim that Japan will profit from the deal by transferring know-how to other fields, especially civil aerospace.

The Pentagon denies this. So does Mitsubishi's Mr Yamada who says military and civil aerospace design are completely different. He may be right with regard to direct technology transfers. But Japanese companies have in the past derived indirect benefits from applying military technology to civilian fields — Mitsubishi makes the MU-300 business jet on the F-15 production line, for example.

Nevertheless, if such transfers posed a threat to US aircraft manufacturers, then Boeing and McDonnell Douglas might be expected to be leading the protests against the FSX. In fact they have thrown their weight behind the deal.

The truth is that Japan already has a moderately-advanced aerospace industry. It has been held back from joining the US and Europe in the front-rank not just by a lack of technology but also by an awareness of the commercial risks of plunging into a high-cost market.

Japan has produced aircraft from US designs since 1954, honing production engineering skills which are regarded as good as any in the world. Boeing, the world's largest aircraft-maker, buys parts from 200 Japanese companies, including Mitsubishi, which makes fuselage and wing sections. It is a commonplace in the aircraft industry that F-15s built under licence in Japan are more reliable than the same aircraft made in the US.

Japanese companies have made no secret of their desire to make the leap from producing civilian aircraft under licence to independent development. The Ministry for International Trade and Industry said 20 years ago in an industrial policy document that aerospace would be a future pillar of the economy.

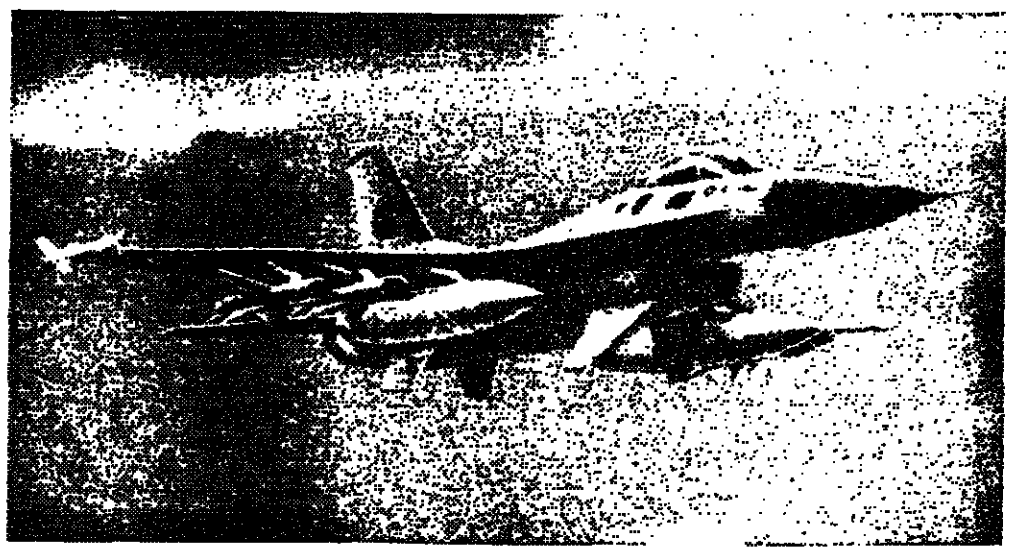
However, the ministry's ambitions have yet to be fulfilled. Japan independently developed a commercial aircraft in the 1960s, the 60-seater YS-11. But only 182 were sold. MITI since 1977 has financed the development of a STOL – short take-off landing – and completed test flights earlier this year, but it will not be put into production mainly for lack of potential customers.

Mr Yamada says it takes a very long time for a newcomer to acquire enough credibility in the international market to make a commercial success of making civilian aircraft. So for at least another 10-15 years, Japan could not independentedly develop a large jet, with 100-plus seats, he says.

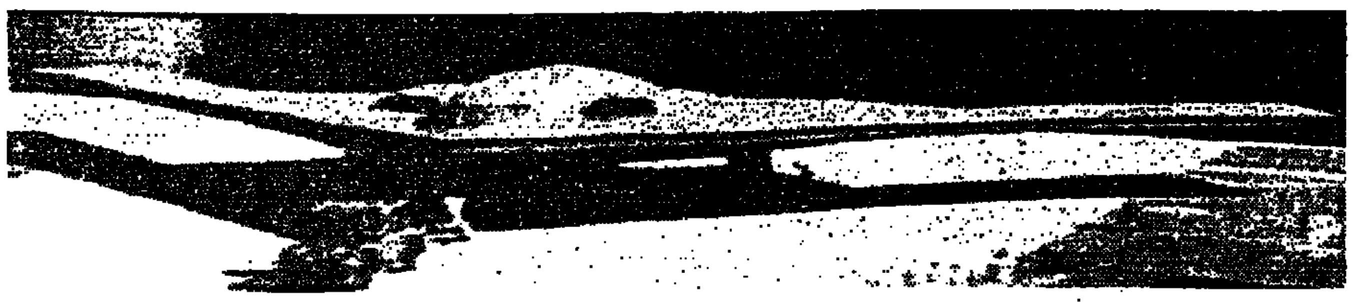
It might be possible to build a smaller aircraft, but *only* if there was sales potential for it. "I don't think the time is right now."

As a result, Japanese companies are keen on expanding joint development programmes. Three groups – Kawasaki Heavy Industries, Ishikawajima-Harima Heavy Industries and Fuji Heavy Industries – belong to an international consortium to build the V2500, an engine for 150-seater aircraft. Also, Japan is a minority partner in a project to build a new Boeing, the 150-seater 7J7, and is separately looking for US and European companies to share the cost of developing a 75-seater, the YSX.

In each case, Japan's present and future partners are aware of Japan's track-record in capturing world markets from Western companies. But so far this has not prevented them from co-operating with Japanese companies out of fear of losing a technological lead. Financial logic has driven the West into joint ventures, as it should with the FSX.



An artist's impression of the US-Japanese FSX fighter aircraft



The B2 stealth bomber, which has greatly boosted Northrop's revenues, at the company's Californian headquarters

Northrop denies component fraud

By Lionel Barber in Washington

NORTHROP Corporation, the Los Angeles-based defence manufacturer, yesterday vigorously denied federal grand jury charges that it falsified tests on components used for nuclear-tipped Cruise missiles and the naval Harrier jump jet.

The grand jury indictment includes a total of 167 fraud charges and other counts against Northrop, two current employees and three former company workers. Northrop faces a possible fine of more than $30m in the case.

The indictment represents a damaging setback for the company which manufactures the B-2 stealth bomber and is bidding, with McDonnell Douglas, for the lucrative Advanced Tactical Fighter project, to supersede the F-15 fighter. A rival consortium – led by Lockheed, General Dynamics and Boeing – is also bidding for the project.

Northrop already faces charges in two other civil cases for alleged falsification of tests on the Cruise missile part, and on parts for the multi-warhead MX missile. Separately the Justice Department is investigating payments involving Northrop and South Korea during the company's attempts to sell S-20 fighters to Korea.

The US Air Force and Navy are reviewing whether they need to replace any of the weapons involved in the grand jury investigation.

The charges involve the flight data transmitter for the Cruise missile. They allege that two senior Northrop managers supplied transmitters that froze at temperatures between minus 40 and minus 50 degrees Fahrenheit. The air force contract required that the transmitters operate at temperatures as low as 65 degrees below zero, according to the indictment.

Northrop called the charges unwarranted yesterday and said "the company strongly disputes any allegations of criminal behaviour by the division or these employees."

The criminal case could not have come at a worse time for the Defence Department, which is struggling to fend off proposed cuts in its budget this year and to restore credibility to its procurement procedures.

An unfolding Justice Department investigation into Department procurement procedures has implicated several major defence manufacturers in bid-rigging by trading on inside information about contracts.

Northrop is involved in several highly classified "black programmes," notably the stealth bomber project which has vastly increased the company's revenue over the last five years. Under the current budgetary constraints faced by the Bush administration, though, there is pressure to defer some of these projects.

US spending plans for plant rise sharply

By Anthony Harris in Washington

US BUSINESS spending plans for plant and equipment in 1989 have been revised upwards sharply since the last official survey in December, the Commerce Department reported yesterday

The increase is now put at 9.1 per cent, against 6 per cent in the December survey, with growth led by the transport sector. The current boom is mainly in new aircraft. Nevertheless, the total is a surprising result amid signs that the US economy is slowing because of high interest rates.

Part of the increase is due to an expected 2.4 per cent increase in capital goods prices, which were virtually unchanged in 1988; and spending is expected to peak in the current quarter, and turn flat in the second half of the year.

In real terms, the planned increase of 6.1 per cent is less than two percentage points higher than was suggested in earlier surveys. Even so, it is more than double the expected growth in the economy, but well below the 10.1 per cent achieved in 1988.

In real terms the planned increase is now put at 7.7 per cent for non-manufacturing, led by transportation, and 4.1 per cent for manufacturing.

Durable goods industries plan an increase of only 3 per cent, but expansion in the paper and chemical industries has raised the total for non-durables to 5.1 per cent.

AP-DJ reports: Prof Lawrence Klein, the 1980 Nobel prize-winner in economics, told a US Congressional committee that he believes inflation rates will probably increase in 1989, compared with 1988, but said this was not a cause for "extreme concern at this time."

Venezuelan inflation up record 21% in March

By Joe Mann in Caracas

VENEZUELA'S GENERAL price index rose by 21 per cent during March, according to the Central Bank, the highest monthly increase on record.

The bank reported that the key price index for the country – the cost of living for the Caracas metropolitan area – rose by 25.3 per cent during the first quarter of this year, compared with full-year increases of 35.5 per cent in 1988 and 40.3 per cent in 1987.

Prices for goods and services have climbed steeply in Venezuela since the government of President Carlos Andrés Pérez removed controls on most prices. over the last two months. For example, prices have risen by 50 to 100 per cent for many basic foods and household items, cars and lorries, spare parts, domestic air fares, petrol and other items.

The Central Bank last week set maximum interest rates for commercial loans at 35 per cent, up from 12 to 13 per cent earlier in the year. Also, the government has approved a new wave of fare increases for electric power, telephones and other public services.

In some cases, new prices have reflected a recent devaluation of the bolivar. In others, however, businesses are believed to have raised prices excessively, drawing fire from the government, consumers and the press. Price gouging at the end of February by owners of free-lance local transport and regular buses sparked riots that shook Venezuela for a week, leaving around 300 dead and thousands injured.

Students recently staged violent protests to call for general price reductions, raising fears that widespread violence might explode once more.

PRI shows its heavy hand in Tabasco

By Lucy Conger in Villahermosa

THE ADMINISTRATION of Mexican President Carlos Salinas de Gortari has indicated that it intends to take a tough line against political opposition by its heavy-handed appraoch to a local election in the southern state of Tabasco last week.

The affair can only increase doubts about Mr Salinas's campaign pledge to modernise Mexican politics by honouring opposition victories against the ruling Institutional Revolutionary Party (PRI).

Election officials blocked the verification of the ruling party's defeat in the vote for the local delegate from the township of Benito Juarez, a community of 8,000 Chontal Indians, to a municipal district council. When members of the fledgling opposition Party of the Democratic Revolution (PRD) occupied the electoral headquarters, the authorities' response was to drop tear gas and send in riot police.

The trouble began when PRI election officials proposed suspending the voting when 400 supporters of the PRD, which is led by Mr Cuauhtémoc Cárdenas, were waiting to vote.

Confident of victory, PRD activists stayed overnight in the electoral headquarters, in a schoolhouse, to stop the officials from tampering with the ballot boxes. Late that night officials counted the votes – 740 for the PRD to 507 for the PRI.

Reluctantly agreeing to verify the outcome, the officials then failed to provide the seal required to formalise the victory. Next day, riot police stormed the schoolhouse, releasing the election officials and detaining ten residents. An angry mob then sacked the police station overturning furniture and burning police files.

The next day, some 150 helmeted police armed with machine guns, shotguns and tear gas launchers, stormed the town again, taking into custody another ten people – nine of whom were later released.

Officials publicised statements made by the detained PRD activists charging Mr Andres Manuel Lopez Obrador, the party's leader in Tabasco, with inciting violence. Police later detained a PRD leader in Tepetitán, Mr Lopez Obrador's birthplace, last Tuesday, two days before municipal elections were to be held there. PRI municipal officials then postponed the ballot, which almost undoubtedly would have been won by the PRD.

Late last week detained PRD supporters revoked their earlier declaration, saying that they had been forced to sign them by police beatings.

For their presumed role in the sacking of the police station the state has lodged formal charges against the ten detainees that include "terrorism, sedition and destruction of property." But PRD defence lawyers said that nine of the accused were already in police custody before the mob destroyed the police station.

This year, electoral officials of the PRI had annulled the results of balloting in the small towns of Tepetitán and San Fernando after the PRD had won municipal posts, Mr Lopez Obrador said.

The PRI seems worried about the increase in opposition strength in the state, traditionally one of its firmest strongholds. In last November's poll for the governorship Mr Lopez Obrador probably secured 35 per cent of the vote, butwas officially credited with only 20 per cent.

Opposition parties will challenge the PRI in municipal and state assembly elections in 14 states this year, further testing the administration's good faith.

The diplomatic ball falls into the Contra's court

Tim Coone, looks at the questions being asked about 2,000 missing persons in Nicaragua

THE rebounding ball of Central American diplomacy has landed squarely in the court of the US-backed Contras.

As the US Government and Congress prepare to authorise a further $45m to maintain the 11,000 strong Contra army intact for another year, in the Nicaraguan capital Managua, a signal is being awaited that the Government's recent overtures to the rebel leaders are not just seeds of peace that have fallen on stony ground.

A month ago, an event happened which just one year ago would have seemed unthinkable: 1,894 former members of the notorious Nicaraguan National Guard (GN) were released from prison.

Senior members of the GN who evaded capture in 1979 later formed the backbone of the Contra army organised by the CIA to fight the new Sandinista Government, and which has been since overtly funded by the US Congress.

Those same leaders are now facing a possible collapse of their organisation, the Nicaraguan Resistance, under the growing momentum to put an end to the eight-year old war in the country.

Recently a Nicaraguan delegation arrived in Honduras, where most of the Contras have been holed up for the past year, to discuss the whereabouts of some 2,000 missing persons.

The delegation is comprised of representatives of the Nicaraguan National Assembly Human Rights Commission, a representative of the Catholic church, and a representative of the National Reconciliation Commission.

The issue they are raising is a delicate, but extremely important one. For the Contra leaders claim that all of their troops are volunteers; none have been obliged to fight against the Sandinista Government they say. None the less, the abduction of thousands of peasant farmers and their families has been a standard method of recruitment over the years. Some have gone willingly, either hostile to, or disillusioned with the left-wing regime that came to power in 1979. Indoctrination, prolonged separation from families or outright terror have helped persuade many others that their lives and best interests are served by accepting their new circumstances – that of donning the US-supplied uniforms of the Contras. Should the prospects of peace however persuade them to declare their interest to return home to their farms the Contra cause will be well and truly lost.

Under the terms of the Central American presidential summit held in El Salvador last February, by mid-May a means of demobilising, repatriating or relocating the Contras, albeit voluntarily, has to be worked out. The Contra camps will have to be opened up, and the recruits exposed to the alternatives available to them. The Contra leadership and the US Government are emphatic that the army must stay intact, as a means of continuing to pressure the Nicaraguan Government. The reality of a choice for the recruits, however, may make that an impossible task.

"Nobody is being held here against their will" said one senior Contra commander last month when interviewed in a Honduran base camp last month. None the less, when told that three of four persons interviewed by two visiting US doctors wished to return to their families, he said that they were "subject to military discipline" and would not be allowed to leave.

The interviewees were teenage youths that had been working as volunteer medical assistants in the Nicaraguan mountains, and who had been abducted by Contra units in July last year. Two of the youths, Maria de Los Angeles Gonzales and Diego Centeno, told the FT that they wished to leave, but were not allowed to.

The US doctors came on a humanitarian mission trying to locate the youths on behalf of their families. A report on the visit by the two doctors, Dr Tim Takaro and Dr Susan Cookson, stated "We suspect that many people are held in a similar situation in the Contra camps".

The issue of the medical volunteers is becoming a test case for the new human rights policy that the Contras are now endeavouring to project. Over $700,000 has been sunk into the Nicaraguan Association for Human Rights (NAHR) by the US Government over the past two years to act as a watchdog on the Contras and to allay Congressional fears over the end-use of the Contra funding. According to Dr Takaro, the head of the NAHR, Dr Marta Baltodano, assured him that not only the three in question would be released shortly but others as well that were on a list of nine persons presented to her.

As diplomatic moves mount to encourage a demobilisation of the Contras, one of the latest being a ministerial summit in Costa Rica, the fear of the Contra leadership is clearly that what might start as a trickle, might very rapidly turn into a flood.

As if preparing for the inevitable, a meeting in Guatemala this week, between leaders of the Nicaraguan political opposition and leaders of the Contras produced a joint declaration announcing that they "accept the electoral challenge" made by the Government, to hold general elections on February 25 1990. Their latest demand, however, is that Nicaraguans living abroad or in exile also be allowed to vote. The Government, however, is resisting such a change to the electoral law, precisely to encourage the exiles' return.

The Contras: facing the move from war to peace

A package of aid for the Contras has been put on a fast track through both Houses of Congress, AP reports from Washington.

Both the Senate and the House of Representatives are expected to vote tomorrow on the $49.7m package, after two House committees gave it unusually rapid approval on Tuesday.

The package is designed to carry out a bipartisan agreement between President George Bush and Congress. Under the agreement announced on March 24 at the White House, the money may be cut off if the rebels engage in human rights abuses or in offensive military action.

The bill requires no new money, instead transferring the aid funds from various Defense Department accounts.

Canada plans to tighten jobless benefits system

By David Owen in Toronto

THE Canadian government has unveiled proposals for an overhaul of the country's unemployment insurance system to enable it to allocate more funds to training programmes.

The plan, which is fiscally neutral, would tighten requirements needed to qualify for benefits, particularly in areas of low unemployment. The government hopes to implement the changes next January.

In all, the proposals are expected to yield some C$1.3bn (£646m) in savings. Some C$800m will be directed towards existing training schemes, with the remaining C$500m used to address equality and fairness problems with the current system.

The savings would be derived from tightening up in four main areas.

- The minimum period of work required to qualify for benefits will be increased, with the stipulations steepest in prosperous areas like southern Ontario.
- The maximum duration of benefits will be reduced.
- Penalties for those who voluntarily leave their jobs without cause will be raised.
- The maximum fine for defrauding the programme will be quadrupled to C$2,000 per offence.

Opposition MPs branded the plans "morally shameful" for effectively forcing the unemployed to pay for training programmes. The government, however, defended its position, maintaining that current Canadian minimum qualification requirements are among the least stringent in the world.

In 1988, the Canadian unemployment insurance system paid benefits of C$10.85bn to some 3m claimants, with the programme financed 39 per cent by employers, 36 per cent by employees and 25 per cent by government.

Mr Michael Wilson, the Finance Minister, is expected to shift more of this burden on to the private sector as part of a stiff package of deficit reduction measures in his fifth budget later this month.

Bush review urges caution on Gorbachev

By Peter Riddell, US Editor in Washington

THE first, partial glimpse of the massive iceberg of the Bush administration's foreign policy reviews was revealed last weekend, and the verdict from some quarters was "status quo plus." But that would be both premature and misleading.

Only some of the recommendations of the inter-agency groups have been unveiled, while President Bush and his key advisers have yet to make their decisions.

Mr Bush's instincts are certainly cautious. The US president sees no need for dramatic moves, and there is irritation in Washington with Soviet complaints about the slow progress of the reviews.

As Mr Brent Scowcroft, the president's national security adviser, has argued, the administration believes that the West has won and Communism has failed. So there is no need for the US to be hurried, especially since Mr Scowcroft anticipates a period of some stability in international relations because of Mr Gorbachev's need to concentrate on his country's massive domestic problems.

Moreover, while the President's advisers have concluded that Mr Gorbachev is genuine in seeking to change the Soviet Union, they are much less convinced that Soviet international ambitions have changed. Hence the watchwords are prudence and caution. There is no Gorby-mania in Washington. One report apparently recommends that US policy should "not be designed either to help or hurt" Gorbachev.

This means hedging bets, looking for the Soviets to match conciliatory words with actions, especially in regional conflicts like Central America. The US was annoyed about Mr Gorbachev's failure last week in Cuba to announce cuts in military aid to Nicaragua.

There have been no decisions yet how far to go in arms control talks and there is little apparent enthusiasm for retired General Andrew Goodpaster's suggestion of cuts of up to 50 per cent in US conventional arms in Europe.

Most interesting in the short-term is the US response to the rapid changes in Eastern Europe. Quite a stir was caused two weeks ago by reports that the administration was studying proposals by Mr Henry Kissinger, former Secretary of State, for a political settlement in Eastern Europe, recognising Soviet security concerns. There were European charges of "a second Yalta."

But the signs are that the review does not endorse the Kissinger plan and instead favours differentiation between advanced countries like Poland and Hungary and the remaining laggards.

Following last week's agreement between the Polish Government and Solidarity, the Bush administration is set to announce "various economic incentives to help foster progress," such as trade credits. There is talk of a more sympathetic attitude to Polish debt rescheduling and support for limited involvement by the International Monetary Fund in Eastern Europe.

The State Department has also taken a distinctive line on deaths in Soviet Georgia, urging Moscow "to use restraint in dealing with those exercising their legitimate rights to peaceful political expression."

Overall, President Bush has appeared to be left behind in the propaganda battle with the Soviet Union. For all Mr Scowcroft's dismissive comments that the Soviet leader knows how to package things in an appealing way, Mr Gorbachev will have achieved more than public relations victories if he succeeds in further loosening Alliance ties. President Bush will have to be much more explicit than he has been when he visits Europe for the Nato summit at the end of May.

BUSINESS LAW

UK courts' timid approach to European Community law

In the face of the overconfident and extremely free interpretation of European Community law by the EC Commission and the European Court, the attitude adopted by the UK courts appears distinctly diffident and timid. This contrasts with the attitude of German courts, which provide Luxembourg judges with more references than courts of any other member state, but jealously guard the fundamental rights of German nationals and residents, writes A.H.Herman.

The French courts have a different solution to the problem: they see no need of asking the European Court for interpretation of Community laws and regulations, the meaning of which seems clear to them.

Two topical examples of the great variations in the interpretation of Community law are at hand. One is the opinion of Mr Advocate General Jean Mischo (1) in the appeal of Hoechst AG, Dow Benelux N.V, Dow Chemical Iberica, Aludia S.A. and Empresa National del Petrol S.A. against a decision of the Commission ordering searches in the premises of the five companies and another decision imposing daily enforcement fines.

The other example is provided in London by the judgments of the Divisional Court and of the Court of Appeal (2) concerning the British refusal to register foreign – mainly Spanish – trawlers as British fishing vessels, and preventing them from exploiting UK's fishing quota.

The first example – a side show to investigations which led to 17 chemical companies being fined a total of Ecu 37m (£57m) – has its roots in an attempt by the Commission to stage a down raid on the Frankfurt headquarters of Hoechst, one of the three big German chemical companies, to obtain evidence of a suspected polyethylene cartel. This was prevented by an injunction obtained from the Frankfurt Regional Court on the grounds that a search without a court warrant would infringe the privacy of premises, guaranteed by the Fundamental Law of the Federal Republic.

The Federal Cartel Office (FCO), which the Commission went to for assistance, was rather put off by the Commission's refusal to reveal its reasons for suspecting a cartel. Nevertheless, it applied for a search warrant in the Frankfurt *Amtsgericht* but did not appeal when this was refused, fearing that without stating the grounds for suspicion, an appeal would be hopeless. The Commission then imposed on Hoechst a daily fine of Ecu 1,000 until the company would open to it its doors and archives. This came to an end on April 2 1987, after the FCO obtained a search warrant in response to a new application to the *Amtsgericht*.

The appeals attack the decisions and actions of the Commission on two grounds. First, they claim that the Commission overstepped the powers of investigation which it has under Regulation 17/62 and engaged in searches. Second, they see in the enforcement and conduct of searches an infringement of the European Convention on Human Rights, which Community institutions are bound to respect as part of the law common to member states.

Regulation 17/62 provides in Art. 14/3 that enterprises and their associations "shall submit to investigations ordered by decision of the Commission." Such decisions should state what will be investigated.

Art.15/1/c of the Regulation provides for enforcement fines on companies which intentionally or negligently "produce the required books or other business records in incomplete form during investigations . . . or refuse to submit to investigations . . ."

Taken together, Arts 14 and 15 give the Commission power to enter premises and ask for documents and information, which the investigated enterprise is obliged to provide. This is also the view of the FCO. The Commission, however, insists that it has the power to open filing cabinets, desks and briefcases of employees, and search them.

The Advocate General concluded that such searches are not "searches" but "investigations" authorised by the Regulation. "When I use a word, it means just what I choose it to mean – neither more nor less," seems to be the latest Humpty Dumpty rule of interpretation, awaiting confirmation by the European Court.

The same rule helped the Advocate General to dispose of the "human rights" argument. Having found that member states do not allow officials to enter private premises without a court warrant, he concluded that this concerns only the enforcement of such entry – and the threat and imposition of daily enforcement fines were not enforcement.

If the Commission, supported by Mr Advocate General Mischo, is too free with the words of the law, the English courts are not free enough. Faced with the claim of Spanish fishermen that it is against the EEC Treaty principle of non-discrimination on the grounds of nationality to deny them the exploitation of the British fishing quota, the Divisional Court said that this must be decided by the European Court and ordered the UK Government to refrain from implementing the Merchant Shipping (Registration of Fishing Vessels) Regulations 1988 made under the Merchant Shipping Act 1988. These regulations established, as from March 31 1989, a new register of fishing vessels from which foreign trawlers would be excluded.

This order of the Divisional Court was struck down by the Court of Appeal, where Lord Donaldson said that both in the UK and in the EC, laws and regulations are presumed to be valid until voided by a decision of the courts.

There is even an explicit decision of the European Court to this effect, and if the lawyers of the Secretary of State for Transport had looked it up (in any better textbook on EC law) before going to the Divisional Court, there would have been no injunction and no need for an appeal.

However, without their failure it would have never been revealed that not only the Divisional Court but even the Court of Appeal do not appreciate fully that, as Lord Denning said, Community law must be interpreted according to civil law principles of interpretation as practice by the European Court. This means not only according to the purpose of the individual provisions but also with regard to its place in the system of law.

Lord Donaldson seemed reconciled with the fact that the European Court, by making new law, can cut short the life of national laws and regulations perfectly valid at the time they were made. He did not strike down the reference to the European Court. A French court, I dare say, would have reasoned differently. It would have considered the issue in the framework of the entire system of Community law.

By doing so it would have reached the same conclusion as the proverbial man on the Clapham omnibus: there is no point of having national fishing quotas open to all member States. By giving to the EC Council the right to establish such quotas, the EEC Treaty limited the application of the principle of non-discrimination. That was "clear", the French court would have said, no need to ask Luxembourg.

Lord Donaldson was standing at the door to such solution when he said: "Underlying the whole of this problem is the unusual (to a British lawyer) nature of Community law, which is long on principle and short on specifics. This is intended as a statement of fact rather then criticism. *Indeed my own view is that Parliament would render a service to the nation if it moved slightly more in the direction of Community law and thus enabled the Judiciary more easily and more appropriately to apply the law to unusual or unforeseen circumstances.* However the result is often that the British courts are faced with an undoubted right or duty under British law and a *claim* that an inconsistent right or duty exists under Community law. If the British court can ascertain the nature and extent of this competing right or duty, there is little difficulty in resolving any inconsistency on the basis that the Community law is paramount. This is the *acte clair* situation, but it is a comparative rarity."

What a pity Lord Donaldson did not open the *acte clair* door to the solution of the case before him.

UK NEWS

Court rules against Woolwich in tax row

By David Barchard

THE COURT OF Appeal yesterday ruled against Woolwich Building Society, the savings institution, in its long-running dispute with the Inland Revenue tax department over the payment of composite rate tax between October 1985 and April 1986.

The ruling, which overturned a High Court judgment in favour of Woolwich in July 1986, means that the society must repay £79m to the Revenue within the next seven days.

Had Woolwich won its case, the Inland Revenue would have been obliged to pay up to £600m in overpaid tax to other building societies, although it might have been able to set additional payments of £200m in higher corporation tax against this.

However, yesterday's ruling may not be the final stage in the dispute. The Court of Appeal gave leave to the society to seek a final ruling in the House of Lords.

The dispute between Woolwich and the Revenue began in 1985 when changes were made in the way building societies pay composite rate tax to depositors. The society claims that the arrangements in force at the time amounted to double taxation.

Last July, in a separate case, Woolwich lost the right to claim interest on overpaid tax before it was returned by the Revenue.

The Court of Appeal based its latest ruling on retrospective legislation contained in the July 1986 Finance Act.

Mr Donald Kirkham, Woolwich chief executive, said yesterday that the society was "deeply disappointed and surprised that the Court of Appeal had upheld arguments based on the retrospective effect of legislation."

He said that Woolwich would comply with the ruling and hand back the tax it had recovered from the Revenue in July.

Woolwich was pleased, however, because the Revenue had conceded to the Court of Appeal that part of the regulations in dispute had been *ultra vires*, or beyond the scope of their authority.

Court to hear Lonrho plea on Fraser takeover

By Raymond Hughes, *Law Courts Correspondent*

FIVE Law Lords, members of the highest court of appeal, yesterday agreed to hear the final appeal by Lonrho, the international conglomerate headed by Mr "Tiny" Rowland, in its battle for disclosure of a government report into the 1985 takeover of the House of Fraser stores group by the Egyptian Fayed brothers.

However, the lords refused Lonrho's plea that they should read the report, and deferred the question of whether Lonrho, Mr Rowland and The Observer newspaper, owned by the group, have been guilty of contempt of the House of Lords.

The contempt issue, raised by Lord Keith, the senior Law Lord, when the appeal came to the House of Lords on Monday, relates to controversial documents sent by Lonrho to four of the lords due to hear the appeal. The documents included copies of a special issue, published by the Observer, carrying extracts from the report which was sent anonymously to Mr Rowland.

Lord Keith warned that if Lonrho did not come up with a satisfactory explanation, the lords might refuse to hear the appeal and would consider whether there had been contempt.

Yesterday, after evidence from Lonrho that it had given instructions some months ago to remove all judges' names from its mailing list, and that material had subsequently gone to the Law Lords by mistake, the lords said they would hear the appeal and then deal with the contempt issue.

Lonrho is seeking orders requiring Lord Young, the Trade and Industry Secretary, to refer the House of Fraser takeover to the Monopolies and Mergers Commission and to publish the report without further delay.

Mr John Beveridge, lawyer for Lonrho, asked the lords to read the report and said it was undesirable for them to decide a case of such importance without having the opportunity to consider "the true facts."

Whatever might be said about Lonrho's conduct, the appeal raised genuine questions of public interest as to whether a mammoth enterprise employing 20,000 people had been taken over by means of "substantial fraud and deception" and was now under the control of people whose standing, background and financial resources were not what they had represented them to be, Mr Beveridge argued.

The appeal continues today.

TV programme quality to count in licence auctions

By Raymond Snoddy

THE GOVERNMENT is likely to take more account of programme quality in awarding television licences than envisaged in the broadcasting policy paper published in November.

The policy paper approach had been widely condemned, but the Government now seems set to accept significant modifications to its proposals to auction television licences.

It is also likely to decide that Channel 4, the independent station, should be a subsidiary of the new Independent Television Commission, with a financial safety net to protect its programming remit.

The Home Office, which is responsible for broadcasting policy, will make the recommendations to a committee chaired by Prime Minister Margaret Thatcher later this month.

Mr Douglas Hurd, Home Secretary, is believed to have accepted a form of competitive tendering on licences, similar to that proposed last month by Mr George Russell, chairman of the Independent Broadcasting Authority.

Intervention by Kinnock may prompt docks talks

By Charles Leadbeater, *Labour Editor*

MR NEIL KINNOCK, the Labour leader, yesterday backed the call for negotiations on to head off the threatened dock strike.

His intervention makes it more likely that the Transport and General Workers' Union general executive will tomorrow reject proposals for a ballot of dockers on a strike against Government plans to abolish the national dock labour scheme.

Most of the 17 right wingers on the 39-member executive are expected instead to back the call by Mr Ron Todd, the union's general secretary, for talks with port employers on an national agreement to replace the statutory scheme. He is also likely to win support from several of the 22 left wingers.

The dock labour scheme regulates the employment conditions of 9,400 dockers in 63 ports.

The executive meeting tomorrow follows the decision of the union's dock committee to reject Mr Todd's advice and recommend a strike ballot.

Senior union officials believe a docks delegate conference due to meet on Saturday is extremely unlikely to go ahead with plans for a strike without the executive's sanction, although it is still possible that the conference could sanction some kind of immediate ballot.

Leading left-wingers yesterday said they would take a "realistic" approach to the decision, in the light of the legal and financial threats to the union if it were to call a political strike against the Government's plans.

About 800 men at Grimsby and Immingham on Humberside, one of Britain's biggest docks, yesterday voted to back Mr Todd. They will probably be joined by delegates from some smaller ports and some ports not covered by the scheme.

Delegates from other large ports such as Southampton will be free to make up their minds in the light of the executive's decision. However, dockers leaders in Liverpool said its delegates were mandated to support the strike call.

Security review ordered after IRA bomb wrecks town centre

By Our Belfast Correspondent

SECURITY around Northern Ireland's police stations is to be reviewed after yesterday's IRA bomb attack at Warrenpoint, County Down, in which a 19-year-old woman was killed and more than 30 people injured.

No warning was given before the blast, which devastated much of the town centre, causing damage estimated at hundreds of thousands of pounds.

The bomb, an estimated 1,500lbs of explosives, was in a van left at a builder's yard outside the perimeter wall of the Royal Ulster Constabulary station. The murdered woman, a shop assistant, was working at the yard.

It is thought that the van had been parked for only a few minutes before the explosion. Mr Ian Stewart, the province's Law and Order Minister, said an investigation would be carried out to try to establish how terrorists were able to penetrate the security measures around the police station.

Mr Stewart said: "It is a terrible event and one which we shall have to analyse how it could have come about. But I would say that the message that the terrorists have got through to the people of Northern Ireland is that they don't care about anybody. They are interested only in murder and destruction."

Mr Stewart said it was extremely difficult to provide 100 per cent security at a time when terrorists were armed with a substantial quantity of weapons and explosives. Police stations have been a frequent IRA target.

With so many civilian casualties caused by the Warrenpoint bomb, Sinn Fein's local government election prospects are expected to be damaged.

The party has made no secret of the fact that bungled IRA operations make it more difficult to attract support from the nationalist community.

The attack came a day after the Government, in the run-up to the elections, partly relaxed the broadcasting ban on republican and loyalist groups which openly support violence.

Mr Eddie McGrady, the local SDLP MP, condemned the murder as "barbaric" and said the killers must be brought to justice.

The bombing was also condemned by Unionist politicians who reiterated calls for a more aggressive security policy.

Mr Gerry Adams, Sinn Fein president, said he was dismayed by the bombing and that his party did not condone what had happened. He referred to an address he made to his party's annual conference earlier this year when he said the IRA had to be careful and then careful again not to injure civilians.

Lloyd's members threaten row over liability for £263m claims

By Nick Bunker

THE LLOYD'S of London insurance community appeared last night to be heading deeper into the embarrassing legal quagmire surrounding the Outhwaite affair, in which 1,600 members of Lloyd's ("Names") face huge US asbestos and pollution-related claims over the next two decades.

A new report by Freshfields, the City law firm, has left a troubling question mark over the issue of whether it was legal for Mr Richard Outhwaite, one of the Lloyd's market's most prominent marine underwriters, to leave open the 1982 accounts of his syndicate, number 317/661.

By doing so, he left the 1,600 people who were members of that time liable for gross claims now estimated at £263m. If it turns out that it was not legal for him to do so, then the 1,600 affected Names could refuse to meet their liabilities, raising the spectre of a mass of litigation.

As a result of yesterday's report, a steering committee representing 102 Lloyd's underwriting agents who placed Names on syndicate 317/661 has now asked another solicitors' firm, Oswald Hickson Collier & Co, to inquire urgently into the legality of leaving the 1982 year open.

According to Mr John Heynes, the committee's chairman, there are, however, no legal precedents governing the situation. "You could show this thing to 25 barristers and get 25 different views on it," he told reporters.

Asked whether the situation could become a repetition of the PCW affair, in which Lloyd's had to put together a partial rescue operation for 1,500 Names facing gross losses of £680m, Mr Heynes said: "Possibly. You've got to consider each stage as it comes."

Mr Heynes said last night that the Freshfields report, the second the firm has produced on the affair, focused on the facts of how Mr Outhwaite left open the 1982 accounting year when it became clear in 1985 that it could face large and unquantifiable losses.

The legal uncertainties arise because Mr Outhwaite's company R.H.M. Outhwaite (Underwriting Agencies) initially decided in May 1985 that the 1982 accounts could be closed. This occurred and cash profits were distributed to members, though Ernst & Whinney, the auditors, qualified the annual report.

In July 1985, however, Mr Outhwaite told syndicate members that he was re-opening the accounts, because of uncertainties about the run-offs.

Mr Heynes said yesterday: "It would appear that the account was closed. The debate will centre on whether the reopening was, I would say, 'kosher', but that's not the right word."

Copies of yesterday's report have already been circulated to errors and omissions insurers at Lloyd's, suggesting the market is bracing itself for the possibility of more legal disputes.

In Brief

Concorde loses rudder at 44,000 ft

A British Airways' Concorde airliner lost part of its rudder while flying at 44,000 feet, and 1,250 miles an hour over the Tasman Sea en route to Sydney yesterday. BA said it did not know why the section of tail had become detached, but it was possible the aircraft had been struck by lightning. The airline said it did not plan to ground the remaining six Concordes in its fleet.

Boeing crash report

The official report into the crash of a Boeing helicopter off Shetland three years ago, in which 44 died, criticised Boeing, the US Federal Aviation Authority and the British Civil Aviation Authority for the "inadequacy" of test and inspection programmes.

Vet schools saved

The veterinary schools of Glasgow and Cambridge universities, in Scotland and England respectively, were reprieved yesterday following a public campaign against proposals for a cutback in veterinary capacity in British universities.

N-price rise row

A House of Commons Energy Committee yesterday called on British Nuclear Fuels, the state-owned nuclear fuel services company, to release more information to justify what the Committee called "enormous price rises" in the past three years. Sea burial, Page 11

Bank lending slows

Growth in bank lending to individuals slowed to the lowest rate for 12 years in the three months to February, according to figures published yesterday by the Bank of England.

Accountancy plea

Heads of six leading professional accountancy bodies yesterday wrote to Mr Francis Maude, the Undersecretary of State for Corporate Affairs, endorsing proposals for the establishment of four new bodies to uphold accountancy standards.

The five minutes that cost Shearson Lehman £350,000

Clive Wolman looks at the incident that led a securities firm to fire its chief trader in brewery stocks

IT TOOK only five minutes for Shearson Lehman Hutton's London operations to lose £350,000 on an equity position three weeks ago. It took only a few hours for the management to respond by calling an emergency meeting of its market-making staff and then firing its chief trader in brewery stocks.

However, the incident exposed some of the tensions and potential for confusion and mismanagement of a rapidly changing integrated securities firm in the loss-making era after Big Bang and the stock market crash.

The trader who was dismissed was Mr Dan Day-Robinson, a 29-year-old married man with a young child. He joined Shearson only last October from Kleinwort Benson, where he had also made markets in brewery stocks. He felt he was underpaid and objected to attempts by the Kleinwort management to move him to covering insurance stocks.

He telephoned Mr Bernard Leaver, a Shearson director responsible for equity market-making and after a meeting, he was recruited on a salary of £60,000. However, he failed to live up to expectations and consistently lost money on his positions over the next few months. The net losses on his dealing account between October and March amounted to nearly £500,000, (excluding the £350,000 loss) which was the worst record of any of Shearson's market makers. According to one of his colleagues: "He liked to punt, and punting just wasn't the right thing to do in these markets."

Shearson had previously made its team of brewery stock analysts and salesmen redundant but wished to maintain a presence in the sector, which includes some of the most actively traded stocks in the UK market.

Mr Day-Robinson claimed that the lack of support and advice from analysts was partly responsible for his heavy losses.

The losses meant that he was told to keep his positions in individual shares to a minimum. So when he bought 300,000 shares in Scottish and Newcastle, mainly from County NatWest on March 3, he was approached by Mr Roger Streeter, the chief market maker. According to Mr Day-Robinson, Mr Streeter only suggested that a market rally would provide a good opportunity to dispose of the shares, but Mr Streeter says that he told him to sell as soon as possible.

Mr Day-Robinson also says he was not given any position limits, in contrast with the policy of Kleinwort and most other securities firms. Shearson, however, does impose position limits, normally of 100,000 shares, on most actively traded stocks such as Scottish and Newcastle – although they have discretion to breach those.

What is surprising is that Mr Day-Robinson should not have been informed of that policy.

Selling the shares immediately through the market would have meant recording a loss, so Mr Day-Robinson asked another trader, Mr Vince Taglialavore, who is also a director of Shearson, whether he could do anything to help.

Mr Taglialavore had responsibility for making markets in several categories of securities. One responsibility was for running a "hedge" book, which involved taking positions in shares but laying off part of the risk by buying or selling options and futures contracts.

As he was a friend of Mr Day-Robinson and knew that he was under intense pressure not to make any more losses, Mr Taglialavore was anxious to help. He noticed that the prices of the options to buy Scottish and Newcastle shares, which were due to expire at the end of March, were extremely high.

He therefore agreed to take Mr Day-Robinson's shares on to the hedge book and sell options through the stock market on those shares at the attractively high prices.

What he failed to realise was that the reason the option price was so high was that Scottish and Newcastle was the subject of a takeover bid from Elders, the Australian company, which had been referred to the Monopolies and Mergers Commission. The MMC was due to report before the end of March, and, depending on whether it recommended that the bid should be blocked or approved, the shares in Scottish and Newcastle would fall or rise sharply.

The probability of a sharp price movement before the end of March made the granting of options to buy or sell the shares at a fixed price extremely valuable.

Mr Taglialavore took the 250,000 shares, originally acquired at a price of 443p, on to his book at a price of 429p which was at least 2p and probably 4p higher than the best price Mr Day-Robinson could achieve through the market that day, March 14. He then sold the call options on the shares at a price of 43p. That meant that his book would lose money only if the share price fell below 386p.

Mr Day-Robinson failed to check whether Mr Taglialavore knew about the timing of the MMC report and says that no one explained to him that he had any residual responsibility for shares transferred on to the hedge book.

According to Mr Leaver: "That is the problem when someone comes in new, perhaps it could have been explained to him better."

Some of the responsibility, too, must be placed on Mr Taglialavore, who failed to ask any questions himself, and on the absence of any analysts of the sector who presumably would quickly have highlighted the dangers.

The initial error was compounded two days later, just five days before the MMC reported.

Mr Taglialavore was out of the office servicing his car when Mr Day-Robinson received an offer to buy a further tranche of Scottish and Newcastle shares from Phillips and Drew. A junior trader contacted Mr Taglialavore on his portable telephone, who said he could buy up to a maximum of 100,000.

In fact, Mr Day-Robinson ended up buying 250,000 shares at 424.5p, and passed them on to Mr Taglialavore's trader for 426p. He sold call options on them all. Mr Day-Robinson said he believed that Mr Taglialavore was fully hedging the risks of holding the shares rather than just applying a limited hedge through the sale of call options.

Mr Leaver is sceptical: "I don't want to hurt the boy any more, but he was taking a penny on the front book, just to expose us on the back book."

When Mr Taglialavore returned to the office, he protested that his instructions had been disobeyed. But he became distracted by other transactions and took no action to liquidate the position, particularly as no questions were asked by the senior management. They should have seen a print-out of the position but failed to appreciate the risks, perhaps because Mr Streeter was about to go on holiday.

It was only at about 8.20 on the morning of March 21, 40 minutes before the MMC announcement was due, that Mr Taglialavore explained to Mr Day-Robinson that Shearson was covered against loss only if the price did not fall below 390p.

Mr Day-Robinson then said that a recommendation blocking the bid would probably send the shares down to 340p. But by then it was too late to take any action and the traders watched their screens nervously for the news.

When it came, the share price slumped to 350p for a few minutes before continuing its descent to 320p. Mr Leaver immediately came round to ask Mr Day-Robinson what position he had been holding. "Only 23,000 shares," he said, "but I think Vince has got a problem."

Mr Leaver walked over to Mr Taglialavore and as soon as he discovered what had gone wrong, he stormed back to Mr Day-Robinson and shouted: "Of course he's got a problem!"

That afternoon Mr Leaver called a meeting of all the market makers. He told them of the losses in the brewery stocks which during the day as a whole had reached £400,000, and warned them to co-ordinate their positions more carefully when using options. He also admitted that the management had been at fault. At the end of the meeting, he called over Mr Day-Robinson and told him that he would have to leave.

Mr Day-Robinson is now threatening legal action to recover at least £35,000, on the basis that he had a contract for a year. Shearson is claiming that he was dismissed for a breach of internal rules and that he is entitled to no compensation. However, it is prepared to pay a small amount ex gratia.

"Perhaps we could have done the whole thing better," Mr Leaver now says. "All of us made mistakes. But what are we supposed to do? Sack the department? Should I go? Should we all go?"

Sea burial 'best option' for N-power submarines

By David White, Defence Correspondent

DUMPING at sea would be the safest and easiest way for Britain to dispose of old nuclear-powered submarines but would inevitably raise international and emotional objections, the House of Commons Defence Committee heard yesterday.

Its inquiry into the Ministry of Defence's dilemma over nuclear submarine disposal came amid continuing environmental concern about the recent sinking of a Soviet nuclear-powered submarine off northern Norway.

An international moratorium on the dumping of nuclear waste at sea has been in place since 1983.

The UK's first decommissioned nuclear submarine, the Dreadnought, is presently berthed at Rosyth in Scotland awaiting a decision on future policy. Mr Nigel Paren, an assistant under-secretary at the Ministry, told the committee that about eight such vessels might be taken out of service by the end of the century, although not in the next three years.

Mr Paren said deep sea burial appeared to contain the lowest risk.

Almost anything goes in Britain's chamber of horrors

By Michael Cassell, Political Correspondent

ONCE their bottoms hit the green leather benches of the House of Commons, Members of Parliament are guilty of indulging in insidious and subversive activities, plain bad manners and "low-grade" abuse.

The conclusion, contained in a report published earlier this week by the Commons select committee on procedure, confirms what voters have long known – almost anything goes when 650 wilful, windy, truculent champions of the truth face up to each other across the chamber.

The report into MPs' conduct, sparked off by mounting concern over bad behaviour and by increasing defiance of the authority of the Speaker, who presides over the order of business in the Commons, suggests that the situation has deteriorated during the last decade.

Figures show that the Speaker used his disciplinary powers against MPs on 14 occasions between 1945 and 1979 – including an 11-year period when no one was naughty enough to incur his wrath.

In the last 10 years, however, 30 MPs have been punished for their unparliamentary behaviour, many of them temporarily banished to purge their contempt.

Not since the 1920s has the Commons appeared so ill-tempered and unruly, although all the best stories about misdemeanours in front of the mace – the symbol of authority which resembles an over-sized sceptre – remain the old ones.

MPs yesterday fondly recalled the nights when a well-lubricated George Brown regularly provoked mayhem among the front bench – the senior members of the party – and the day Bernadette Devlin, the former firebrand MP for mid-Ulster, gave Reginald Maudling, then Home Secretary, a personal demonstration in corporal punishment.

More recently, the mace has been wielded and dropped and at least one MP has been frog-marched from the chamber by a fuming whip, the party manager. On many more occasions, however, the situation has been saved by the sudden onset of temporary deafness or blindness on the part of the Speaker.

The committee, which says it is unsure whether the trend is historically significant or merely a temporary aberration, makes several modest recommendations to try to improve the situation.

The report recommends no increase in periods of suspension from the Commons – from five to 20 days – but says the Speaker should be able to take into account offences committed over two parliamentary sessions, rather than one.

The committee stops short of considering loss of salary during suspension, partly on the grounds that it would prove "controversial."

It condemns the practice of concerted disruption of speeches and pleads with party whips to prevent subversive tactics which "go well beyond the legitimate cut and thrust of debate."

The recommendations will be debated by MPs. However, a senior minister yesterday suggested that, having received the report, the Government would "sit on it for a while." Perhaps the Speaker should inflict the same punishment on erring MPs.

* *Select committee on Procedure: Conduct of Members in the Chamber.*

Shoe group to expand

By Alice Rawsthorn

BURLINGTON International, one of Britain's biggest shoe makers, is continuing its expansion in the ailing footwear industry by buying Alende, the London manufacturer which specialises in unusual size footwear, from the receivers for an undisclosed sum.

The footwear industry has suffered from a sudden surge of low cost imports from South Korea and Taiwan which has imposed intense pressure on British manufacturers.

The rate of job losses and company closures in the UK industry has accelerated alarmingly in the last year.

Bosch likely to build DM300m plant in Wales

ROBERT BOSCH, West German electronics group, is likely to site its next alternator plant in Wales, Reuter reports from Stuttgart.

"Everything is pointing to Wales," a company spokesman said, adding that contracts for the deal had not yet been signed.

The new plant would employ about 1,000 workers and cost some DM300m (£94m). Production of compact car alternators would start in 1991.

The spokesman said annual British automobile production of about 1.5m vehicles meant it was important for parts suppliers to have a presence in Britain.

Bosch said in March it planned to build a new alternator plant overseas in a bid to cut production costs.

Fujitsu demonstrates growing might of Japan

By Terry Dodsworth, Industrial Editor

FUJITSU's ambitious plans for a £400m UK semiconductor plant is convincing evidence – if any more were needed – of the remorseless rise of the Japanese microelectronics industry.

Japan is already challenging the US as the world's leading chip producer. It is the uncontested leader in Far Eastern markets, and has made huge *inroads into the US. Its three* biggest producers all have sales of more than $3.5bn a year, standing at the top of the global producers' league; and it has six manufacturers in the world's top 10.

Those figures, it is true, are skewed to some extent by the fact that IBM, the world's largest computer company and the biggest manufacturer of memory devices, does not publish its figures because it uses all its chips internally. They also mask the fact that the Americans still hold the commanding heights of microprocessor manufacturing. Microprocessors are the brains of personal computers and many other products and thus command higher prices than memories, the area where the Japanese dominate.

The other glaring weakness of the Japanese is in Europe. American chip companies began investing in Europe at the dawn of the industry in the 1960s, and have built up a strong position alongside the indigenous groups. Today, four US companies figure among the top seven European producers: two Japanese producers, NEC and Toshiba, have only just crept into the top 10 European sales league.

Europe was not a priority in the Japanese semiconductor manufacturers' early marketing plans because it absorbs far fewer chips than either Japan, bursting with consumer electronics goods, or the US, with its big computer and defence sectors. But once Japan and America were accounted for, the Japanese began to turn their attention to European users in the early 1980s. Starting with sales offices, they have moved gradually into assembly operations, and are now progressing to full-scale manufacturing.

Manufacturing essentially means the process known as diffusion or wafer fabrication. This is the trickiest bit of chip production. It involves the etching of tiny electronic circuits onto the silicon base from which the chip is built, something that can be achieved only in an extremely clean and vibration-free environment. Hence the cost of the installations – the going rate today is $100m to $300m, and Intel, the US microprocessor company, is said to be putting about $1bn into its latest plant.

Dr Matami Yasufuku of Fujitsu agrees the deal with Tony Newton, Trade and Industry Minister

The scale of these investments means that chip companies want an assured market before they make them. In Europe, however, it is not quite as simple as that. Whatever the industrial arguments for the Japanese semiconductor companies to invest, they are now having to take politics into the equation as well.

Politics has reared its head with the increasing number of anti-dumping actions carried through by the European Commission against Japanese electronics companies. That led, earlier this year, to a new ruling that semiconductors could only be regarded as European in origin if they were diffused in the Community. At the same time, the Commission has indicated that it may push up the effective import tariff on chips from 10 per cent to 14 per cent.

Those moves have put the Japanese in a squeeze. As their sales volumes go up – and last year they advanced very rapidly indeed – higher tariffs will bite hard into profits; and the new origin rules means that customers will have a strong inducement to buy in Europe to keep the local content high in their finished products – such as televisions, copiers and printers.

Europe has become equally alarmed over the last two years by the trade row between the American and Japanese that has led to a bilateral pact for the chip industry. Prices of memory products have gone through the roof, leaving European customers with much higher bills and short supplies.

Some European companies have argued that the supply *difficulties make it* imperative for the region to develop its own indigenous producers. Mr Karlheinz Kaske, chairman of Siemens, for example, says that it is absolutely essential that Europe should no longer be dependent on Japan for such key components.

Mr Kaske's preferred solution to the issue is more government-backed investment in European research and development to build up indigenous products – at present, Siemens is the only large-scale memory producer in Europe. But in the meantime, an alternative is to have more Japanese producing locally.

Hence Fujitsu is likely to be followed by several more Japanese chip companies. It is widely expected in the industry that Toshiba, which has an expensive assembly plant already operating in north-eastern Germany, will follow. There are suggestions that Hitachi may be thinking of a similar move, and both Sony and Seiko-Epson are said to have had talks with indigenous European producers about joint ventures.

Breakthrough for the north-east

Ian Hamilton Fazey and Hazel Duffy on reasons behind the move

JUST AS Nissan broke with tradition by siting its car plant in the north-east of England, so Fujitsu is the first big electronics company to go to the area.

The significance of these two big Japanese investments for the region, which has suffered shipbuilding, engineering and steel plant closures over the last 10 years, is considerable.

Dr John Bridge, chief executive of the Northern Development Company, which promotes the north to companies overseas and from other parts of the UK, said yesterday that the £400m Fujitsu factory was expected to be only the first stage of investment during the 1990s.

Fujitsu bought 110 acres of farmland south of Newton Aycliffe, five miles north of Darlington, County Durham. The seller of the land was Sedgefield Borough Council, which had bought it from a farmer as part of a five-year programme of industrial development. The project will bring Japanese investment in the area to nearly £1.25bn. The north-east hopes that it has achieved favoured status with the Japanese and that other benefits, such as banking and financial services for the Japanese companies, will follow.

An Anglo-Japanese business club and a Japanese cultural centre are being set up in Newcastle.

While Fujitsu was considering various areas of the European Community, the UK Government was asked by the company to provide information on the regions, which in turn submitted details about sites and their availability.

Reasons that favoured Newton Aycliffe were the site itself; its ease of access to the A1(M); proximity of nearby industrial estates – where suppliers can locate – and a pool of 350,000 people within 10 miles from which to draw its workforce.

Northumbrian Water Authority guaranteed almost pure water, vital in chip manufacturing.

Answers to Fujitsu's questions on the likely size of the UK market for semiconductors were given by the Department of Trade and Industry.

At the regional level, the Northern Development Company co-ordinated the information provided by the local council and the development company that Durham County Council set up last year.

Japanese companies appear to be putting less emphasis on government financial assistance towards investment than when Nissan came to the UK.

Fujitsu will receive about £30m in selective assistance. That is substantial in relation to the levels of assistance that companies already operating in the UK say they are receiving towards financing expansions, but much less proportionately than was agreed with Nissan.

The local council will provide £2m for services and infrastructure from money that the European Regional Development Fund granted to the area.

The north-east is understandably euphoric about its capture of Fujitsu. However, Scotland, South Wales, and the Telford area in the Midlands also have projects that represent substantial amounts of Japanese investment.

Dr Bridge's theory of the "cluster" appeal of areas already chosen by Japanese companies has some validity. But there is also a reluctance by companies in the same sector to site their activities in the same area, in case they should be involved in poaching labour from each other.

Toyota did not consider the north-east, for instance, in its search for a site for its European car and engine assembly, because Nissan was already there.

Fujitsu will start recruitment of up to 100 graduate engineers shortly, and the company will embark on training.

Excitement at fever pitch as Derbyshire waits on Toyota

By Richard Tomkins, Midlands Correspondent

THE EXCITEMENT in Derbyshire was almost palpable yesterday as its inhabitants awaited confirmation of what many now believe certain: that the county has been chosen as the site for the £600m European assembly plant to be built by Toyota, the Japanese car group.

A hint from the Japanese ambassador, a purported leak in the Japanese newspaper Mainichi Shimbun, and a warm conversation between leaders of Derbyshire County Council and Toyota have combined this week to produce strong circumstantial evidence that Derbyshire has won the fiercely fought contest.

The excitement is understandable. Too far north to be properly in the Midlands and too far south to be properly in the north, Derbyshire is a low-profile county.

It is one of those counties whose shops still observe the quaint but frustrating tradition of early closing day – putting up their shutters for the rest of the day at lunchtime once a week. It is a place that the modern world sometimes seems to have passed by.

The same could be said of its industrial base. Still primarily oriented towards coal mining, textiles and heavy engineering (Rolls-Royce and British Rail Engineering are the two big employers in Derby), it has lost tens of thousands of jobs since the 1970s, and not enough new industry has arrived to replace them.

If Toyota comes to Derbyshire, it will employ 3,000 people directly and probably as many again in spin-off jobs such as component supply. It will be the biggest single investment in Derby that anyone can remember.

Over the last few weeks, then, a small team at Derbyshire County Council, headed by Labour leader Councillor David Bookbinder, has thrown itself wholeheartedly into wooing the Japanese.

A tempting case has been made, emphasising the availability of a workforce of 1.2m people within 45 minutes' travelling distance and the unusually high proportion of workers in manufacturing industry - 38 per cent against 28 per cent nationally.

The site itself is a 280-acre airfield at Burnaston, between Burton-upon-Trent and Derby. Road connections are good. It is on the A38, which connects it with the Midlands motorway network, and lies adjacent to the Stoke-Derby M1-M6 link due to open by 1996. It is 10 miles from East Midlands Airport and two rail lines are close.

A strong selling point has been the attractive setting of the site in open countryside.

Council roadworks have been timed not to interfere with important visits by Japanese delegations, and another sweetener has been the suggestion that Derbyshire's local authority pension fund should invest £20m in Toyota.

Derbyshire has tried hard to make Toyota feel welcome.

Single-union deal sought

By Ian Hamilton Fazey, Northern Correspondent

FUJITSU wants a single-union deal for its County Durham factory and is to hold exploratory talks with the north-east regional council of the Trades Union Congress.

However, Dr John Bridge, chief executive of the Northern Development Company, said that did not mean that Fujitsu had decided it would commit itself to a TUC union.

Separate talks are likely with the EEPTU, the electricians and electronics engineers union, which was expelled from TUC membership after rows over its single-union agreements elsewhere, particularly at the Wapping works of News International, the newspaper publishing group controlled by Mr Rupert Murdoch.

Introductions to the TUC will be made by NDC, an independent development agency backed by northern public and private sectors. Four members of the TUC regional council are on its board.

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MANAGEMENT: Marketing and Advertising

Selling insurance

The games that brokers play

Philip Rawstorne explains how London & Edinburgh embarked on a competitive alternative to advertising to increase the loyalty of its intermediaries

In the past five years, playing games has become an essential part of the London & Edinburgh Insurance Group's marketing strategy.

Marketing director, Eric Bamford, has found no better way of capturing the attention of Britain's insurance brokers – his primary target – and of ensuring that they think of London & Edinburgh whenever they write policies for commercial, personal and motor insurance.

Last week, 6,000 young insurance brokers throughout the country were invited to compete in the latest game, Claim It Again, Sam. Over the next four months, they will follow – on a series of records – the adventures of a small-town insurance broker, day-dreaming of life as a 1940s American private eye.

Players will have to identify the colourful characters he meets and provide some of them with insurance policies, written, naturally, after reference to the London & Edinburgh rate card.

The winner, who will have to solve an imaginary crime as well as write the correct policies, will get a sports saloon car – and a minibus to hand over to a charity.

The business game: players are required to calculate the time taken for a trip around Europe at the turn of the century

What London & Edinburgh should get, according to Colin Smith, chief executive of Impact Marketing Consultants which devised the game, is heightened awareness of the company and increased familiarity with its insurance rates and products among the brokers. This, it expects, will breed more business.

The group – which recently changed its name from Excess Insurance – had, until 1984, relied entirely on advertising in insurance trade journals to promote its products.

Smith says: "It seemed to us to be a repetitive, and perhaps wasteful, way of doing things. Though some general advertising is necessary, if you want to promote, say, personal insurance products, you really want to talk directly to four or five thousand people.

"But it did not seem enough just to produce a succession of direct mail shots. There is a limit to what you can say to such an audience. You cannot just keep on saying it seven times a year. We wanted a new line of communication between the company and its market."

Impact therefore began to look for some form of promotion that would not only raise awareness, but build the company brand by involving the target audience more closely with it over a period of time, rather than merely reading about it in an advertisement once a month, says Smith.

"Brokers have a lot of insurance companies to choose from when giving quotations or writing policies. We wanted to make them so familiar with the London & Edinburgh brand that it would be among the first they would think of."

Bamford adds: "We did not want to market ourselves through prize draws or mere games of chance. And in addition to promoting general awareness of the company, we wanted something that could be focused on specific lines of business and products."

The result was a game called Land of the Pharaohs, distributed in 1984 to fewer than 3,000 commercial insurance brokers. In a business sector not exactly noted for imaginative marketing at the time, it caught immediate attention. Though given a low-key introduction, some 1,200 brokers competed in the game over a period of two months.

Impact developed two other games – Motorcross and Tale of Two Cities – soon afterwards for other groups of brokers. But it was a game devised for 280 reinsurance brokers last year that set the seal on the marketing initiative.

Richly presented in a silk-lined, polished wood box, the 1900 game involved participants in a turn-of-the-century race around Europe. It required them to calculate precisely the time for a journey from London to Paris, Barcelona, Hamburg and back to London using the transport then available.

The game was played in stages with new items of information – such as newspapers, announcing a dock strike or train cancellations – arriving just before each journey.

The prize for the winner was a return trip to New York on QE2 and Concorde; and a charity shared in the other awards that were made.

London & Edinburgh invested about £100,000 in the promotion, and Bamford says the company was "very pleased indeed" with the results.

The launch presentation in London's Baltic Exchange was attended by 183 of the 280 brokers; 136 finally entered the game and 101 completed it, putting their minds to the problems it posed for an hour or two a month over three months.

Through the game, Smith says, London & Edinburgh succeeded in provoking a considerable response from a very high proportion of its audience.

The game attracted favourable notices in the trade press, new brokers in the targeted group began using London & Edinburgh and the company's overall reinsurance business increased.

Bamford says: "The games, so far, have certainly achieved their main object of promoting awareness of the company and its products and our latest game should help to sustain it.

"They have given us social opportunities to get to know a lot of people better, and it has all been fun, not least for our own staff."

Smith believes that it was daring of London & Edinburgh to take the plunge when it did, "but I have been surprised by how few companies have followed its lead." He is, however, now working on the development of a game to be used in the marketing of a range of products for NEC, the Japanese office systems company.

Scenes from the Levi "Refrigerator" commercial, the cost of which was spread across several countries

Ads astride the world

Alice Rawsthorn traces Levi Strauss's development of international commercials

It is now four years since cinema audiences first saw a commercial in which a young man strode into a steamy 1950s laundrette, to the strains of Marvin Gaye's soul music, stripped to his boxer shorts and washed his Levi jeans.

The commercial was so successful that Marvin Gaye's record was re-released and the young man foresook modelling for pop stardom. It also succeeded in reviving the European jeans market and the fading fortunes of Levi Strauss.

Levi's "Laundrette" commercial made its debut in Europe and has since been shown in almost every country in the world. Its success has encouraged Levi to develop a special strategy for exporting its advertising from country to country.

The advantages of "exporting" commercials are obvious. First, it offers an opportunity for Levi to make the most of its successful advertising. Second, it enables the company to recoup production costs – one of its 1988 commercials, "Refrigerator", cost over £300,000 – by spreading the expense across different countries.

Levi Strauss, with global sales of over $3bn (£1.75bn) last year, is the biggest clothing company in the world. It manufactures jeans in 20 different countries and sells them in more than 70.

All the company's international activities are co-ordinated by Levi Strauss International, operating on the site of the original dry goods store by the San Francisco waterfront where Levi Strauss, a German *émigré*, sold the first denim jeans in the 1850s.

In the past, several unsuccessful attempts were made to co-ordinate advertising across different countries. Since 1985, when the founding family regained control of the company in a $1.6bn leveraged buy-out, LSI has renewed its efforts to encourage its subsidiaries to exchange advertising concepts and commercials.

The buy-out coincided by the adoption of the "core product strategy" in which Levi streamlined its activities to concentrate on its traditional denim jeans. It marked the return to its roots by relaunching its authentic fly button 501 jeans: first in the US and then in Europe.

Bartle Bogle Hegarty, the London agency that had been appointed to handle its advertising across Europe, created "Laundrette" as the first pan-European commercial. Each European subsidiary retained its own consultancy for media buying, but BBH controlled the creative work.

"Laundrette" was so successful in Europe that it was then used by other countries. BBH has since produced a series of pan-European commercials, all adopting the 1950s American imagery of "Laundrette" and accompanied by the blues and soul music. These commercials have also been used in other markets.

Outside Europe the international subsidiaries retain their own agencies. Levi has developed a system – orchestrated by Vic Chiarella, director of marketing support, in San Francisco – to ensure that the subsidiaries see commercials when they appear and have the opportunity to use them.

Each new commercial is sent on video to the subsidiaries to see whether it will be compatible with their marketing strategies. If it is suitable, the subsidiaries must then consider whether the commercial satisfies the local rules covering copyright, content and censorship.

The local rules can be labyrinthine. Levi could not show the original "Laundrette" in the US because another advertiser – California Raisins – already held the musical copyright for Marvin Gaye's "I heard it on the Grapevine".

Similarly Levi has to reshoot its commercials for use in Australia and Brazil, where the local content rules stipulate that commercials must be produced within the country. Its agencies often stick to the concept of the original commercial, but adapt it to suit the exigencies of the local market.

In Australia, for example, where women are important purchasers of jeans, the tone tends to be softened. The script for "Refrigerator" – set in a seedy hotel diner in the Mid West, where a woman watches a young man retrieve his 501s from the refrigerator and roar away on a Harley-Davidson motorcyle – was changed so that the woman roars off on the motorcycle too.

Censorship is a persistent problem. Even "Laundrette" was deemed too salacious for most of South East Asia. "Refrigerator", the most sensual of all the commercials, has fallen foul of the censors in several countries.

Levi is lucky in that denim jeans are one of the few truly global products. Similarly, the imagery of its European advertising – the culture and music of the US in the 1950s – is universally recognisable. Other companies, with products positioned differently across the world, would not find it so effective to export commercials from country to country.

Even Levi has encountered problems. It has failed so far to apply its international advertising strategy successfully in Japan. "We have tested commercial after commercial in the Japanese market," says Chiarella. "But none of them works."

ARTS

CINEMA

Smouldering along

Many people fear the New British Cinema is now dead. One week last summer it sat up in bed, threw out its arms in a glorious gesture towards eternity – the week *Distant Voices Still Lives* and *A Fish Called Wanda* opened simultaneously – and then fell back coughing and gasping. At this year's BAFTA awards ceremony, the signs of rigor mortis were clearly visible. Presenters Anna Ford and David Dimbleby showed no distinct signs of life: the normally irrepressible Sir Dickie was in hospital: and participants were asked to keep their speeches short in case their make-up ran and revealed signs of zombification beneath.

Klaus Maria Brandauer in "Burning Secret"

BURNING SECRET
Andrew Birkin

THE TALL GUY
Mel Smith

RETURN FROM THE RIVER KWAI
Andrew McLaglen

THE DEAD POOL
Buddy Van Horn

MATEWAN
John Sayles

THAT NIGHT IN VARENNES
Ettore Scola

Under-funded, undervalued and frequently prizeless, no wonder our best British Wave directors now seem past their best (Derek Jarman, Mike Radford) or have gone to America (Ridley Scott, Stephen Frears) or are starving for a little decent attention (Terence "Distant Voices, No BAFTA Prizes" Davies). No wonder too that the best our nation can produce in the second week in April – traditionally the "Oh to be in England" month is Andrew Birkin's *Burning Secret* and Mel Smith's *The Tall Guy*. Both are debut directing features and both clamour "Please take me back to the drawing-board." Birkin's film wins by a nose over Smith's, if only because a moody novella by Stefan Zweig is a preferable source of inspiration to an original comic screenplay (by *Blackadder's* Richard Curtis) of horrible unfunniness.

Set in a snow-girt Austrian spa hotel in 1919, *Burning Secret* is a coming-of-age tale blended with a twilight-of-the-empire one. Swimming about amid the bobbing human wreckage of the Austro-Hungarian empire, an asthmatic young boy (David Eberts) watches the love-play between his mother Faye Dunaway and mysterious Baron Klaus Maria Brandauer. The boy's initial delight at the Baron's tall tales slowly yields to jealousy and anguish. Why is the B favouring Mum's company rather than his? Why do they both disappear from the dining-room at roughly the same time each evening? And what will his diplomat Dad in Vienna (Ian Richardson) think if the boy runs away and recounts all?

More questions here than are good for a growing child, or indeed a growing film. (One gets lost in the sleet of interrogatives.) While the sanatorium is looking after its human patients, it should also surely have attended to some dicky dialogue ("Why don't you go and scout the lay of the land?" Dunaway asks the boy) and a pan-pipes music score that sounds distinctly tubercular.

Burning Secret wins through on its acting. Dunaway is a clothes-horse *sans pareil*, with restless nerves and pedigree nostrils. Brandauer is a rogue, a charmer and a magus all in one: a human salamander flickering with strange fires. And Eberts is touchingly convincing as the boy. Through them, rather than through Birkin's direction, whose elegant inertia suggests he was reared on too many TV classic serials and not enough Visconti, *Burning Secret* smoulders interestingly even if it never catches fire.

The Tall Guy resembles a man trying to light a firecracker while pouring a bucket of water over himself. I laughed so little that I thought the fault was with me. Then I looked around at the audience and found that they too resembled the crowd at a funeral.

Jeff (*The Fly*) Goldblum plays one "Dexter King," straight man in a variety double-act to Rowan Atkinson's knockabout-comic "Ron Anderson." Dexter Goldblum cannot take much more knocking about from Rowan Anderson, so he plays hookey and falls in love with Emma Thompson as nurse "Cheryl." Cheryl Thompson has a lot of eccentric working colleagues and boarding-house neighbours, and these provide amusement while Ron Atkinson fumes at his partner's disloyalty and while the projectionist prepares to thread the next reel of torment.

Did I forget the spoof Andrew Lloyd Webber musical "Elephant!", based on *The Elephant Man*? Or the scene with the mad doctor using a horse syringe? Or the moment when Goldblum and Thompson do a Flanagan and Allen number wearing the same pajama suit? If I did, it was through a sense of mercy towards you. Misfiring and mis-timing its jokes (even the potentially good ones) with nightmare consistency, *The Tall Guy* is an end-of-term school revue masquerading as a movie.

We cannot leave this crisis report on British cinema without mentioning the cinemas themselves. For even if a movie turns out well today, there is the hurdle of movie exhibition in this country. I caught *Return From The River Kwai* this week at the Odeon Marble Arch. Three cheers for the venue: as comfortable as an ocean liner and almost as large. But at my evening performance, there were 25 people in the entire stalls area.

And who could be surprised? Having paid £4 for a seat, they were first subjected to 15 minutes of brain-numbing advertising. This was followed by a short break in which sales staff failed to visit "all parts of the theatre," probably because stupefaction had already done so.

The noble 25 were then subjected to a film experience for which they should have been paid £4 each themselves. Let us not dwell in detail on this war romp directed by Andrew (*Wild Geese*) McLaglen. Any film called *Return From The River Kwai* warns you to stay away, and the heart goes out to Edward Fox and Denholm Elliott, fighting the Japs with no more than their bare hands and some equally ill-protected dialogue. The more pertinent question is: should filmgoers be expected to sit through paeans to jeans, washing-machines, hair lacquer, restaurants and motor cars before they clap eyes on what they paid for? Would we expect a theatre audience at *Hamlet* or *Cats* to endure 15 minutes of commercials first? Of course not. Distributors and exhibitors, please act, and swiftly.

★

Meanwhile something different and familiar is stirring in San Francisco. Detective "Dirty Harry" Callahan (Clint Eastwood) has been ordered off the streets again. This is not the first time and may not be the last. Eighteen years after *Dirty Harry*, our hero still prefers to shoot first and ask questions, if at all, later.

In his latest case, file-named *The Dead Pool*, he is pitted against a mass-murderer impersonating and trying to frame a famous film director. (One of the killer's victims is a film critic: that must have felt good to the makers of this justly maligned series.) Before copping the culprit, Clint-Harry's car is chased over the hilly San Francisco streets by a remote-control model car containing a bomb; he has to negotiate countless shoot-outs and punch-ups; and at 58 he has to look as if he is running for his life when most of us of that age are past running for a bus.

Buddy Van Horn directs a certifiable plot with the straightest available face, and Irish actor Liam Neeson adopts a defiant charisma and interesting accent (cockney? Australian?) as the framed director. I was particularly partial to Neeson's answer to the question, who might be framing him. "Could be anyone" says Liam, "my agent, my two producers, my writer, my cameraman . . ." There speaks a film-maker with a true grasp on reality.

For all *The Dead Pool's* defects, there are moments in John Sayles's *Matewan* and Ettore Scola's *That Night In Varennes* when a little crisp action from Dirty Harry would be welcome. The first is an earnest labour yarn about a coal strike in 1920s West Virginia. Attempting to cross a Western with an agitprop film, it resembles *High Noon* re-directed by Arthur Scargill.

Scola's French Revolution costume epic is a mite better. Harvey Keitel (Tom Paine), Marcello Mastroianni (Casanova), Jean-Louis Barrault and Hanna Schygulla are among the Euro-celebrities taking a historic coach trip in 1791. Clearly, the guillotine had no power as yet against the evils of polyglot casting. But the film, though long, is colourful, the dialogue, though dubbed, literate.

In celebration of Charlie Chaplin's 100th birthday (April 16), *City Lights* will be playing at the Dominion next week with a live orchestra. Whether you idolise the Little Chap or not, it promises a more fruitful experience than any of the above. Performances last from Sunday till Wednesday. Make your week.

Nigel Andrews

A Midsummer Night's Dream

ROYAL SHAKESPEARE THEATRE, STRATFORD-UPON-AVON

The seat usually occupied by the RSC's artistic director was symbolically empty on Tuesday night. Terry Hands, having announced his intention of leaving the company in 1991, had gone on holiday just as John Caird unleashed a production of *A Midsummer Night's Dream* which is the best in Stratford-upon-Avon for years and which may even promote its director to the front of the queue for the succession.

A young and mostly unknown company has been galvanised into action, or perhaps even reaction, judging by the venom with which Puck directed his epilogue ("If we have unearned luck / Now to scape the serpent's tongue") at the critics' aisle seats. Well, about time too. The *Dream* is a comedy of aggression and spirit, and the moment you enter the theatre you are assailed by the most tremendous rocky subversion of Mendelssohn's incidental music by a band, visible on either side of the stage, that sounds as though it has just come off the road with James Last.

Theseus and Hippolyta are to be married in a huge white marquee, but lines of disagreement are indicated by footwear. Egeus is in white spats, the resentful Helena in Doc Martins. The fairy world that stands on the Edwardian coat tails of the court is a surly crew of suppressed schoolchildren, led by the brilliant Puck of Richard McCabe, who wears a white tutu as a belt around his blazer and baggy grey shorts and who relates the sprite's vicious interventions to the liberty-taking public school manners of alternative comedy. He is a dead ringer for Griff Rhys Jones.

Caird mines a rich seam in recent RSC tradition on the Trevor Nunn humanist side: these fairies – girls in white ballet gear and stockings, chaps in blazers and butterfly wings, the little Indian changeling boy in pyjamas – are like the lost children in J.M.Barrie. Although the usual doubling of Theseus/Oberon and Hippolyta/Titania is followed, John Carlisle and Clare Higgins suggest that fairyland is a place of dark dreams and lost innocence quite apart from Athens.

John Carlisle and Richard McCabe

The Nunn/Caird collaborations on *Peter Pan*, *Nicholas Nickleby* and *Les Misérables* are continuously evoked. "You spotted snakes with double tongue" is a chorus for Huguenot broom-wielding fairy waifs. Sue Blane's forest beyond the marquee is a repository of *Nickleby*-style junk – bikes, cellos, bins and gnarled trees growing out of iron staircases. I always assumed that Caird assisted Nunn on those productions. Having now seen how well the solo Caird handles Ben Jonson, one begins to wonder if it wasn't the other way around.

Inexperience shows only in the notoriously difficult lovers' quarrel, which lacks shape, and the mechanicals' play, which is laboriously extended. Amanda Bellamy's Hermia is the pick of the youngsters, while the yokels are rumbustiously led by David Troughton's Bottom. The latter sizzles with enthusiasm in the rehearsal scenes, sports a massive donkey head with deliciously mobile jaw and eyelids in the woods, and drives Paul Webster's highly strung Quince to drink on the prompt book.

The great RSC *Dream* remains, of course, Peter Brook's in 1970. This one misses out on tenderness and tears. But it is the most marvellous fun, and generous in its will to entertain. When Carlisle's silken Oberon commands his tribe to rock the ground, the stage explodes in a post-punk *mélange* of *Come Dancing* and Prokofiev's *Romeo and Juliet* suite. This may offend the Bardophiles, but Ilona Sekacz's music is a major (and minor) key factor in a show that left me hugging myself with pleasure. If Mr Hands had been there, I would have hugged him, too.

Michael Coveney

Allan Corduner and Saskia Reeves

Icecream

ROYAL COURT

Stark, fierce, elliptical, gnomic and short, Caryl Churchill's new play is an interesting return to pure writing for a dramatist whose greatest hits have been developed in workshops and rehearsals.

A perusal of the text, published by Nick Hern Books at £4.50, confirms that not a word is wasted. Into 20 short scenes (playing time 75 minutes), Churchill has packed an explosive allegory of the historical transatlantic alliance in the shifting relationships of an American husband and wife and an English brother and sister.

As usual, the jabbing exchanges have a quality of stychomythia in Greek tragedy, and another stylistic hallmark, the overlapping dialogue, creates both texture and tension on stage. The quartet of long lost cousins indulge in the most splendid genealogical babble, while the quarrels and disagreements that sour the later episodes are symptoms of a deep linguistic and sociological confusion.

The pattern of the piece reminds me of earlier plays like *Traps* and *Owners*. There is a dream-like bravado about the arrival of Lance and Vera in Scotland to chase up a drowned antecedent. The *Brigadoon* connection is established with a refrain from "The Heather on the Hill" as they drive through a split screen country view. Their British stay is enlivened with sex and violence. Phil, in the East End, kisses Vera passionately on the mouth. In a pub, he spies an evil man, and the quartet is later trapped, as in a photograph, above a blanketed corpse they will dump in Epping Forest.

The landlord has been murdered, but we never really know if Phil's deed is a just crime or psycopathic flurry. It just happens. The first ten scenes in Britain are brimful of sudden emotional incontinence. The kiss, the quarrel, the crying at breakfast after a disavowal of greasy fried eggs.

The second half, in America, begins with Vera confessing to a shrink. Then Lance confesses to a friend.

Phil is killed in a road accident (he steps off the pavement looking the wrong way, as did the American director Alan Schneider at Hampstead Theatre a few years back), and the evening accelerates as a condensed travelogue for Jaq. She falls in with a Born Again hitchhiker and his mother and commits the show's second murder, pushing a professor off a hill when he progresses from bitching his dead wife to ordering her to remove her blouse. What happened is characteristically revealed half way through the next scene. Churchill's narrative is a haunting exercise in delayed chronology.

This strange, jangling and often very funny play is superbly directed by Max Stafford-Clark, very well designed by Peter Hartwell and performed with confident expertise by Carole Hayman and Philip Jackson as the Americans, and by Saskia Reeves and David Thewlis as the alienated, jumpy English siblings. Gillian Hanna and Alan Corduner also populate the snapshots. Powerfully coded, but not obscure, the play also encourages a rare sense of theatrical and aesthetic experimentation.

Michael Coveney

Orchestre National de Lille

FESTIVAL HALL

The Lille orchestra and its founder-conductor Jean-Claude Casadesus brought an enterprising programme to the South Bank on Tuesday: too enterprising to draw the house they deserved, in fact, though their sponsors Elf Aquitaine had evidently made helpful efforts. Perhaps the intended soloist, the splendid Russian violist Yuri Bashmet, was to have been the main lure; but he is not a household name here (no violist is), and in the event he was anyway indisposed.

Berlioz's *Harold in Italy* boasted the Israeli-Canadian Rivka Golan instead, another potent musician with more dramatic flair than the viola usually inspires. Her opening Adagio, uncommonly broad and intense, seized the attention at once, and thereafter she disclosed new expressive points in every section. (I doubted, however, that the famous *Ponticello* arpeggios in the Pilgrims' March gained by expressively wayward treatment; that memorable Berlioz *trouvaille* should be delivered straight.) Casadesus proved a lively accompanist and his orchestra notably well-balanced, though the closing Brigands' Orgy hardly matched the "frenetico" prescription.

Berlioz was preceded by Xenakis, whose 1987 *Tracées* had its British première. It filled barely more than five minutes with huge apocalyptic earth-tremors, impressive by virtue, presumably, of the arcane proportional calculus which is Xenakis's special weapon; one could never mistake the piece for mere overbearing noise.

So too in Dutilleux's First Symphony, a work which probably rewards hindsight – for in the light of his mature and late music, it seems simple but wholly characteristic – better than it did its first audience in 1951. Then, the original cut of the material must have been less striking than the coolly conservative forms in which Dutilleux cast it: Brahmsian, even, at a time when the answer to "Aimez-vous Brahms?" was a universal Gallic "non!". The dry clarity of Casadesus' exposition was apt and cannily effective. We got a charming period-discovery as well; the overture by Charles-Simon Catel (1773-1830) to his opera *Semiramis*, professionally skilful, displayed imagination considerably beyond routine – as did this whole concert.

David Murray

ARTS GUIDE

April 7-13

EXHIBITIONS

London

The Whitechapel Art Gallery (in collaboration with the Fundacio Joan Miro, Barcelona). Joan Miro: Paintings and Drawings 1929-41 Daily except Mondays until April 23 – sponsored by Citicorp/Citibank.
The Hayward Gallery. Leonardo da Vinci: Artist, Scientist, Inventor. The most comprehensive exhibition ever staged of the drawings of Leonardo, including 88 from the Royal Library at Windsor. Daily until April 18.
The Hayward Gallery. La France: Images of Women and Ideas of Celebration of France, the Revolution Revisited. Daily until April 16: then on to the Walker Art Gallery, Liverpool, May 3 to June 11.

Paris

Grand Palais. The French Revolution in Europe. A vast exhibition organised by the Council of Europe tries to situate the French Revolution in the social and political context of Europe as a whole. Closed Tue. Late opening night Wed. Ends June 26 (42895410).
Grand Palais. Paul Gauguin. Coming after Washington and Chicago, 250 works from all over the world form an important retrospective of the legendary Until April 24, closed Tue; late closing night Wed (42 96 58 30).
The Louvre. The glass pyramid, built by I.M. Pei, the Sino-American architect, has opened to the public as a dramatic entrance to one of the world's most famous museums. Open 9am-6pm, Mon and Wed until 9.45pm, closed Tue.
The Louvre. Les donateurs du Louvre. Aptly, the newly refurbished museum inaugurates the 1,200 square metres of space created underground for temporary exhibitions by expressing gratitude for the generosity of donors throughout its existence. 12am to 10pm, all days except Tuesdays. Ends August 21. Entry through the Pyramid, Hall Napoleon, Niveau Accueil.
Musée Jacquemart-André. Russian historical costumes. Leningrad's Hermitage Museum has lent 200 exhibits from its treasure trove of historical costumes dating from 1700 to 1914. 158, Bld Haussmann, 12 noon-6.30pm; ends May 31.
Musée des Arts Decoratifs. The intimate world of Alexander Calder: some 300 works, most of them gifts to family and friends and, as such, exhibited for the first time, show the inventiveness and sense of humour of the sculptor. Ends May 21. Closed Mon and Tue (42603214)
Musée d'Orsay. Paul-Emile Miot's photographs from Tahiti 1869-1870 show the melancholy reality behind Gauguin's dreams of an exotic paradise. Closed Mon, ends April 23 (404 94814).
Musée du Luxembourg. Treasures of Gallo-Roman Silverware. The splendour of Roman silversmiths' work is brought to life by the rich finds on the territory of Roman Gaul. 19, rue de Vaugirard (42342595). Closed Mon, ends April 23.

Amsterdam

Stedelijk Museum. The first major retrospective of the work of Kasimir Malevich combines loans from leading Soviet galleries with the famous holdings of the host museum. Ends May 28.
Van Gogh Museum. Prints, drawings and gouaches illuminate the work of Gauguin's followers who banded together under the name Les Nabis. Ends May 28.

Brussels

Palais des Beaux-Arts. Art Deco in Europe. Tues-Sat, closed Mon. Ends May 28.
Musée Royaux d'Art et d'Histoire. Tibet – Terror and Magic, sculptures and paintings of lamaist gods on loan from the Musee Guimet, Paris. Closed Monday ends May 14 (733.9610).
Banque Bruxelles Lambert. Women at the Time of the French Revolution – daily, ends May 15. Galerie CGER. The Heritage of the French Revolution 1794-1814. Daily, ends June 11.

Frankfurt

'Je Suis le Cahier', the sketchbooks of Picasso. This exhibition of 40 sketchbooks and around 200 paintings, organised by the New York based Pace Gallery and sponsored by the American Express company, will have its second stop here in Frankfurt on the European tour. Ends May 28.
Schirn Kunsthalle und Kunstverein, Am RömerbergProspect 89. Peter Weiermair director of Frankfurt's arts association has again chosen a wide variety of artists with around 80 painters and sculptors from 15 different countries for this year's Prospect 89. Ends May 21.

Berlin

Fritz Koenig. 35 sculptures worked in iron, 70 script pictures and 80 drawings by the German artist Fritz Koenig, born in 1924 are exhibited until May 1. Akademie der Künste, Hanseatenweg 10.
Willi Baumeister (1889-1955). To commemorate the 100th anniversary of the German abstract artist's birth there are 140 works from all periods of his working life to be seen until May 28. Nationalgalerie, Potsdamer-Strasse 50.

Vienna

The Bawag foundation, run by the Bank für Arbeit und Wirtschaft in the heart of Vienna is exhibiting works by the young Austrian painter, Kurt Welther. One of his hallmarks is his sympathetic evocation of provincialism. Ends May 6.
Museum for Applied Arts. Austria's rebellious artists of the 1960s have their onw exhibition here entitled, Aktionsmalerie-Aktionismus, Wien 1960-1965. Ends May 15.
Secession. There is always some exhibition by Austrian artists on show here. But it is also worthwhile to go downstairs and see Klimt's Beethoven Frieze, which has been restored to its original place. The Secession, home of Vienna's fin-de-siecle painters, has been wonderfully restored.
The Kunstforum, a new art gallery run by the state-run Leanderbank, makes its debut with the Leopold collection. Well worth catching. Ends June.

Rome

Palazzo Braschi. Views of Rome by Giambattista Piranesi: 93 engravings by Piranesi and contemporaries (including his son, Francesco and his maestro, Giuseppe Vasi) covering the years 1745 to 1778 at a magical period in the city's history. Until April 25.

New York

Pierpont Morgan Library. Master drawings borrowed from Holland's oldest museum, the Teyler in Haarlem, focuses on work by Michelangelo, Raphael, Golzius, Rembrandt and Guercino among 100 pieces from the 16th and 17th centuries. Ends April 30.
Museum of Modern Art. In advance of its arrival at London's Hayward Gallery in November, the first retrospective of the work of Andy Warhol since 1970 surveys all his work from the 1950s, covering the Campbell's Soup cans, silkscreens on canvas of Elvis, Jackie Kennedy, Marilyn Monroe and other movie stars, as well as paintings and numerous self-portraits. Ends May 2.

Washington

National Gallery of Art. Cézanne: the Early Years. Already seen at London's Royal Academy of Art and the Musée d'Orsay in Paris, the exhibition comprises 65 oils and 35 drawings showing Cézanne's proto-impressionist techniques from 1859 to 1872. Ends April 30.
National Gallery. More than 160 objects from the Fitzwilliam Museum in Cambridge include paintings by Titian, Guercino, Rubens, Van Dyck and William Blake. In addition illuminated manuscripts, ceramics and bronzes. Ends June 18.

Chicago

Art Institute. As part of a national tour, 67 rare ancient Greek sculptures, bronzes, and painted terracotta trace the development of the human form in art from the tenth to the fifth centuries BC. Ends May 7.

Tokyo

National Museum. Screen Paintings of the Muromachi Period (1334-1573). The Muromachi Period corresponds to the Renaissance in Europe and much of its art was produced under the influence of Zen Buddhism. Closed Mondays.
National Museum of Western Art. Masterpieces from the Vatican. A somewhat random selection of paintings and sculptures, chosen to demonstrate the development of western art from ancient Greece to the Renaissance. Closed Mondays.
National Museum of Modern Art. Odilon Redon. A major retrospective featuring more than 200 paintings, prints and drawings by the great French Symbolist, attractively arranged by subject matter (monsters, angels, apparitions etc) rather than chronologically. Closed Mondays.
Hara Museum, Kitashinagawa. Hara Annual IX. Recent works by ten young and upcoming Japanese artists: an opportunity to view trends and developments in contemporary Japanese art. The museum was renovated recently. It is closed on Mondays.

SALEROOM

Attractions of Islam

The series of sales of Islamic works of art in London this week is going rather well. This sector has had its problems in recent years but yesterday morning Sotheby's brought in £785,983 with less than 15 per cent unsold.

The star lot was an Ottoman gilt copper chanfron of the 16th century, which sold for £99,000 as against a top estimate of £30,000. A chanfron is the piece of armour worn by a horse to protect its head, and this example carries the mark of the Ottoman Court Arsenal. The same collector paid £38,500 for an Ottoman silver gilt bowl, six inches in diameter, dating from the reign of Suleyman the Magnificent in the early 16th century.

Another active private buyer paid £27,500, three times forecast, for an Iznik pottery dish of the late 16th century, splattered with reds, blues and greens, and £22,000 for a similar dish. The sensation of the sale was the price of £23,100 which secured an Armenian ewer, carrying the date 1179, or 1765 AD. It is cobalt blue and doubled its estimate. This is a rare item, but Armenian ceramics have rarely sold for more than £1,000 in the past.

An Ayyubid silver inlaid brass ewer base, probably made in Syria in the early 13th century, fetched £20,900. An interesting item was a mid 18th century ceramic lemon squeezer, in blue, virtually identical in shape to today's squeezers. The Turks consumed great quantities of lemon juice in the preparation of lemon sherbet. This example, one of only half a dozen of its type known, quadrupled its forecast at £3,850.

A minor print sale at Christie's brought in £153,450 in the morning session with just 6 per cent unsold. The Milkmaid, a 1510 engraving by Lucas van Leyden, tripled its estimate at £4,400.

There were some impressive prices paid at Christie's major jewels auction in New York on Tuesday which totalled \$21m.(£12.4m). The top price was the £1.14m paid by Graff of London for a single stone fancy blue diamond ring with a blue diamond weighing 7.05 carats.

The National Art Collections Fund has made a substantial donation of £100,000 to the Usher Art Gallery in Lincoln which is trying, by June 1, to raise the £1,922,250 needed to keep Benjamin West's portrait of Sir Joseph Banks in the UK. Banks, a local Lincolnshire landowner, was a companion of Captain Cook on his voyage to Australia and the leading scientist of his day and the NACF contribution should galvanise the appeal.

Antony Thorncroft

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The US oil conundrum

THE ALASKAN oil spill has sharpened to a razor's edge the debate over whether to open the Alaska National Wildlife Refuge to drilling by the oil industry. This is an area of unique natural beauty, but it is also one of the world's last high potential, unexplored basins.

The debate has, however, done little to focus attention on how the US is to construct a satisfactory energy policy. The US's dependence on imported oil is growing rapidly. Too much should not be made of this fact, however. It is questionable whether American security will be adversely affected, at least as long as it has access to other sources of oil in the Western hemisphere.

The impact on the current account should not be exaggerated either, though it implies an enhanced effort to produce exports and import substitutes elsewhere in the economy. Such adjustment should be possible in the longer term. After all, it is industrial countries with no oil – such as Japan and West Germany – that have strong current account positions today.

The priorities for the longer term are to develop and use the US's resources efficiently, while minimising adverse effects on the environment. The priority for the shorter term is to limit instability in demand. Accordingly, the US needs to remove fiscal distortions adversely affecting the production of oil, while making greater use of consumer taxes on petroleum products, to smooth demand and constrain its growth.

High oil prices

President Bush took an important step in January when he proposed improving incentives for oil production. Until now, benefits granted under certain tax provisions have been seriously diluted or erased under other provisions aimed at obtaining minimum tax payments. The rules were fixed in an era of high oil prices, the aim being to squeeze revenue out of the oil industry.

Faced with an unresponsive system of oil taxation and operating in an era of unstable and weak prices, the big oil companies are redirecting their exploration efforts outside the US. Many independent companies have gone out of business. What is needed is not subsidisation of oil production, but a tax system that allows better recovery of the costs of oil exploration and production.

Nevertheless, it is on the demand side that action is most needed. The simplest measure would be to raise the federal gasoline tax. Gasoline is now so cheap and gasoline consumption so small a proportion of personal income that US consumers have grown insensitive to prices.

Reducing consumption

There is a growing consensus that gasoline consumption ought to be reduced, for both environmental and economic reasons. The principal current method of encouraging this change is to mandate higher average fuel economy standards for car makers (though this programme slipped during the Reagan years). But the programme is a cumbersome distortion of the market. It places an unnecessary burden on automobile companies, which can build small, efficient cars, but cannot sell them at a profit. Higher fuel costs would be a much more effective and appropriate incentive.

There would, of course, be unattractive consequences. An increased tax on gasoline consumption would be regressive, and would also have an uneven impact across the US. But these economic costs would be more than outweighed by the benefits: in particular, the tax would contribute significantly to raising new revenues for the US Government (about a billion dollars a penny, gross).

So far as opening the Alaska National Wildlife Refuge to exploration is concerned, the technology exists to allow exploration and production while causing little long-term harm to the environment. The cost would be enormous, and the regulatory regime to enforce environmental protection would be onerous.

Acceptance by the oil companies of such constraints would be one indication of whether the area is as promising as claimed. The problem is that the oil companies first have to be trusted to do what they promise, something that may be impossible following the Exxon Valdez disaster.

The price of glasnost

THE HEAVY pressure needed to integrate the more than 100 nationalities which occupy the 15 republics that make up the Soviet Union, and to dissolve the potentially explosive gases of nationalism, is never more evident nor more dangerous than when it is being released. The Soviet Union is showing all the symptoms of a particularly acute attack of the bends. The nationalist eruptions already seen in Armenia, Azerbaijan, Estonia and now, Georgia, may be only a mild foretaste of trouble to come.

Talk of the disintegration of the Soviet Union is probably unnecessarily alarmist or at least premature but, as is becoming daily more evident, the dangers should not be underestimated. The safest place for a patient suffering from the bends is a decompression chamber where the easing of pressure can be controlled to minimise pain and risk.

Heartening though it may have been to see the Soviet Union conducting an unexpectedly free election last month with the electorate joyfully thwarting the Communist Party, the ensuing rush of fresh air is not helping President Gorbachev to subdue his already over-exhilarated people. Street violence in Armenia and Georgia still prompts the old knee-jerk reactions of the pre-Gorbachev era: the use of troops and curfews providing a clear indication of the inability so far of political reform to strengthen and stabilise the Soviet state or to educate either to its people or its leaders in the ways of democracy.

Peaceful resolution

President Gorbachev, following in the reformist wake of Nikita Khrushchev, cannot be unaware of the risks ahead and of the over-riding need to display calm and unshakeable confidence in the effectiveness of his reformist policies despite the absence of overnight results. His next task must be to construct a decompression chamber for Soviet society – an atmosphere in which there is no room for violence or lawlessness either in the upholding of official policy or in the expression of dissent; providing a structure within which nationalist aspirations can find legitimate expression and representation; and institutions for the peaceful resolution of conflict arising from age-old rivalries between the more than 100 nationalities.

Nationalist eruptions in Armenia, Central Asia and the Baltic states have provided useful pointers to the Gorbachev administration's ability to deal with what is increasingly seen as the major challenge facing the eastern bloc in the coming decades.

Chain reaction

The imposition of martial law in Nagorno Karabakh as the Gorbachev answer to the Azeri-Armenian conflict suggests that the present Soviet leadership has a long way to go and much to learn if it is to survive the big challenges. Regional squabbles and power struggles in the Caucasus, the Baltic states or the central Asian republics do not strike at the structural heart of the Soviet Union. But a chain reaction of nationalist explosions across the three big Slav republics – Russia, Byelorussia, and the Ukraine – would be an entirely different matter: a crisis which there is no reason to believe the present leadership is capable of controlling.

The Soviet elections have boosted Mr Gorbachev's international standing not only because of the convincing majorities enjoyed by his supporters but equally because of the uninhibited, fearless way the voters took to the streets to proclaim their political allegiances. This indicates a new degree of trust between rulers and ruled in the Soviet Union.

The use of military force on the streets of Tbilisi, or in the resolution of future conflicts between society and state, will not strengthen that trust. It can only undermine the confidence in Mr Gorbachev's determination and ability to build a new state that was so evident during the election campaign.

Finding a formula which will reconcile the interests of the Soviet state with those of its constituent Republics and nationalities is likely to prove as difficult a task for Mr Gorbachev as he faces in the economic sphere.

Christopher Bobinski in Warsaw on the new political landscape

Poland's free vote

Members of a newly legal union: NSZ students in Warsaw

Events in Poland have moved so fast in the past few weeks that many people are finding it hard to get their bearings. Take the secret police, for example. On Monday a police colonel had been told, as usual, to stop Mr Leszek Moczulski, the head of the radical KPN group, from holding a press conference.

Usually on such occasions the colonel is waiting inside to turn the journalists away when they arrive. On Monday he was late, and the press conference started without him. Finally, he arrived to tell everyone to leave – but he did it without conviction. After all, a few days earlier, on April 5, round-table agreements had been signed with Mr Lech Walesa and Solidarity, once denounced as dangerous radicals. Who was to know if the KPN wouldn't soon be just as respectable?

In the end, everyone left. But the colonel's hesitant manner gave Mr Moczulski a chance to say that his group would be running in the elections agreed as part of the round-table agreement.

This package of reforms promises, at the very least, to change the country's political landscape. As the secret policeman's behaviour indicates, it is already changing the psychological atmosphere. And, with the Soviet leadership under Mikhail Gorbachev apparently prepared to accept the changes, there are no hints of pressure on Warsaw to modify its policy, no rumble of tanks on Poland's frontiers, no minatory visitors from Moscow. Indeed, the travel is likely to be the other way: Mr Lech Walesa, Solidarity's leader, says he wants to visit Moscow to explain the Polish situation. (The requisite invitation has yet to come; his first visit will be to Rome instead, to see the Pope.)

Meanwhile, it is not at all easy to divine how far Poland's political changes will go. The round-table agreement brings Solidarity back as a legal trade union, along with Farmers' Solidarity and the NZS independent students organisation. A new parliamentary chamber, the 100-seat senate, is to be set up alongside the present 460-seat *Sejm* (pronounced "same"). Poland is also to have a strong executive president.

Elections to the new parliament are to be held on June 4. The authorities are banking on the fact that Solidarity will have very little time to organise. The elections to the senate are to be free, if not entirely fair. Two senators are to be elected from each province (three from Warsaw and Katowice). With the urban provinces in a minority, the arrangement favours the countryside and the small towns. Here Solidarity is weak. The authorities hope this will give official candidates a better chance.

As for the *Sejm*, the authorities struck a deal with Lech Walesa and his negotiators that 35 per cent of the seats will be allocated for non-party candidates to compete among themselves for. The rest will be divided up among the established parties, led by the communists, who for the first time will not enjoy an absolute majority in the lower chamber. Both chambers, once constituted, will elect the President. It can be assumed this will be General Wojciech Jaruzelski, the present Party leader.

Last weekend, a group of academics and well-known artists who until now have acted as Lech Walesa's advisory committee agreed to front the election campaign for Solidarity. Union activists, who have yet to rebuild their organisation, are wary of the whole exercise. Lech Walesa, conscious of the pitfalls of getting too involved in the system, continues to repeat that he will not stand in the elections. Nevertheless, the meeting conceded that ultimate decisions on nominating the 260 candidates which the opposition will field will be in the hands of Mr Walesa and the union's top leadership.

This means that Mr Moczulski, who wants to put up 50 candidates, will have to persuade Solidarity to give him some seats to fight, or he risks clashing with the union and splitting the opposition vote. Other groups, such as the small Socialist Party, which are thinking of putting up a handful of candidates will have to do a deal with Mr Walesa's men.

At the election the opposition can rely on people to vote against well-known establishment names – as in the Soviet elections – but on little else besides.

"We have no structures, little money and scant access to the mass media," says Mr Bronislaw Geremek, a key figure in Solidarity. He was speaking to leaders of the NZS students union; its 30,000 supporters will be crucial in providing the campaign's infantry.

Also in Solidarity's favour is the power of its name, and the hope that voters will remember the names Mr Walesa tells them to vote for.

Mr Andrzej Wajda, the film director who has agreed to run the Solidarity propaganda effort, explained the costs to the election committee. "I need $60,000 (£35,500) for equipment and $8,000 and zl 4.5m (£4,100) for the first two weeks," he said. "Remember a 15-minute video costs zl 5m," he added.

Ironically, given the Solidarity leadership's social democratic inclinations, Mr Andrzej Machalski, from the free market economic action pressure group, has been asked to organise the campaign itself.

Meanwhile the Polish Government is pressing ahead with its programme of economic change. It says it will close down loss making factories and costly coal mines, and promises to attract foreign investment through the new joint venture law. But with an eye to the elections and the 20 per cent burst in inflation since the beginning of the year, the Government is promising – for the moment at least – to hold back prices.

This puts it in a dilemma, because the signs are that meat production will fall significantly unless farm prices are raised. Farmers' protests began last month. By this week they had spread to 32 provinces. The countryside's political importance has been strengthened by the composition of the new senate. The Government is saying that farm procurement prices will be raised early next month, and price controls lifted soon after.

This would end the monopoly over food distribution. But it would also mean that food prices for consumers would go up, presumably after the elections. If subsidies were to be removed according to government plans then meat would cost some two and half times more than it does now.

It can be assumed that wage increases would compensate consumers for the price rises, but nevertheless the operation risks provoking serious unrest. While the farming unions – both Farmers' Solidarity and the official agricultural trade union – support the policy, Solidarity and the official OPZZ trade union movement can be expected to resist.

Indeed, both Solidarity and OPZZ, their rivalry increasingly fierce, recognise that inflation is now the main issue for the man in the street. They are at loggerheads on how to have falls in the living standards compensated.

The signing of the round-table agreement was accompanied by some last minute drama reflecting the mounting rivalry between the two groups. Solidarity settled in the round-table discussions for a formula that reflects only 80 per cent of pay rises in wage increases; OPZZ wants 100 per cent compensation. Details of the compensation system are still to be worked out, and the dispute looks set to continue on the shop floor level as well.

There would be an economic breathing space for the Government were the burden of servicing Poland's $39bn of hard-currency debt to be eased. Western governments have welcomed the round-table accords and some, including the US, have hinted at the prospect of some $250m of new trade credits.

Prominent western visitors like President François Mitterrand are expected in Warsaw in the coming months. Their arrival could be accompanied by some debt relief, although the Government this week warned Poles not to expect too much help from abroad. Mr Jerzy Urban, the Government spokesman, urged them to rely instead on their own efforts to improve the economy.

The round-table accord has brought détente of sorts between the authorities and Solidarity, and officials are hoping that this will stabilise Poland's political situation. "We are in control of social processes," said Mr Alexander Kwasniewski, an upandcoming young minister, at the close of the round table. He meant that in the past Polish leadership had waited until crises were upon them before taking steps; this time, he implied, changes had been implemented in time to avoid a crisis.

But inflation promises to exceed 100 per cent this year and supplies of consumer goods will be low. The resulting popular dissatisfaction could bring a serious setback for the authorities at the election, or serious unrest later in the year. In either circumstance, Lech Walesa and Solidarity could be forced by events to drop their present moderate approach. That would lead to an outright challenge to the communists' right to rule – with incalculable consequences for Poland and the whole of Eastern Europe.

BOOK REVIEW

Birth of a US commitment

DOCUMENTS ON BRITISH POLICY OVERSEAS
Series II, Vol III
German Rearmament, Sept-Dec 1950
Edited by Roger Bullen and M.E. Pelly
HMSO, £38.00

The fortieth anniversary of the signature of the North Atlantic Treaty has spurred a mood of re-evaluation on both sides of the Atlantic. The "Gorbachev factor" worries Washington. West Germany is divided over the re-updating of Europe's nuclear defences. Nato seems irrelevant, its supporters frozen into the attitudes of the Cold War. The appearance of this volume of official British documents, covering the four months in which, in the aftermath of the North Korean attack across the 38th parallel, the question of German re-armament was first raised, will do nothing to resolve these worries. It provides, none the less, a fascinating insight into what was a critical period for British policy makers.

No-one remembers now that for the first years of Nato's existence, there were no American troops committed to Europe's defence. What few US units there were in Europe were under orders in case of Soviet attack to hightail it for the Channel and the Pyrenees. Korea changed all that. But the American offer to commit troops to Europe's defence rather than to a second liberation, with which this volume is concerned, has a pricetag, a German contribution to Europe's defence, in short the recreation of a German Wehrmacht only five years after D-day.

In military terms, nothing else made sense. Europe's only existing military forces, the armies of the Brussels Treaty organisation formed in 1948, could only defend the line of the Rhine, abandoning West Germany and the northern Netherlands. The Soviets had already endowed the East German state with a militarised police force, the Bereitschaften, quite capable of crossing over into Berlin or Western Germany and winning any resulting civil war. Britain proposed to allow the Bundesrepublik a similar force.

The American offer, arms, equipment, men and money swept all this away. The British cabinet thought the price of German rearmament worth paying, as did all the other Nato states save France. The French cabinet, driven by the hard-line Socialist minister of defence, Jules Moch, did not. Out of the resultant deadlock there emerged the Pleven plan for a European army, with a European defence minister, a conspiracy between the European federalists around Jean Monnet and Robert Schuman, the French Foreign Minister, a scheme drafted without any consultation with the French military. German units were to be incorporated into this army at the regimental level.

The idea struck the British cabinet as lunacy. Churchill said that it would be "a sludgy amalgam." Bevin, ill and soon to die, saw something more sinister, a new attempt to create a neutralist West Europe. He did not seem to have been aware that the American offer of troops was only intended as a temporary measure, until German troops could take their place. Attlee controlled Bevin; but the British cabinet could not, or did not, dare support the French against Washington, and Britain was driven further into isolation from France and from the European grouping out of which seven years later was to come the Common Market.

This superbly edited volume, the work of the late Dr Roger Bullen, whose death is a great loss to British scholarship, offers a fascinating picture of the interplay of personality, institutional fixed minds and the inner workings of the Whitehall machinery. We find the Treasury confronted with a carefully thought out proposal from Sir Oliver Franks in Washington, designed to avoid further financial dependence on America, just as carefully rejecting it on largely *a priori* grounds. We find Bevin expunging from the record proposals to set up a German stay-behind guerilla warfare operation to operate in the event Soviet forces overran Eastern Europe. One misses only the picture of Soviet intentions and capability provided by British intelligence, and the reasons for the much greater source of urgency which seems to have informed London while leaving Washington and Paris untouched.

Clement Attlee, here as elsewhere, emerges as much more than *primus inter pares* in a cabinet weakened by Cripps's loss and Bevin's flagging powers. The volume ends with his triumphant visit to Washington at the height of the Korean crisis and the assurance he then won that Anglo-American partnership remained the centre of western defence.

Such assurances meant different things to their American and British partners. Nor were they to endure in the form they were given; Americans then thought of the transition from "Anglo-American" to "Euro-American" only too easily. But American forces remain in Europe to this day. And Nato is the shield behind which Europe has prospered. Britain, as so often, blundered on to what turned out to be the only right course.

Donald Cameron Watt

The author is Stevenson Professor of International History at the London School of Economics

Buzzing Bauman

■ Bob Bauman, to use one of his favourite expressions, was feeling good yesterday. As one of the growing number of American managers who have made good in London he had helped to stitch up the deal which promises to put him in day-to-day charge of one of the world's biggest health-care groups.

Bauman is an American marketing man who is chairman of Beecham, the UK drugs company. Always assuming yesterday's merger agreement with SmithKline Beckman of the US comes off, he will become chief executive of SmithKline Beecham, the mid-Atlantic enterprise that is due to emerge from the combined businesses.

Bauman came to Beecham nearly three years ago after it had lost its way in the early 1980s and a boardroom coup removed much of the old guard at the company. He had spent most of his career in executive posts at General Foods.

Tall, relaxed Bauman, who is 58 but looks considerably younger, comes with a well-established reputation as doer.

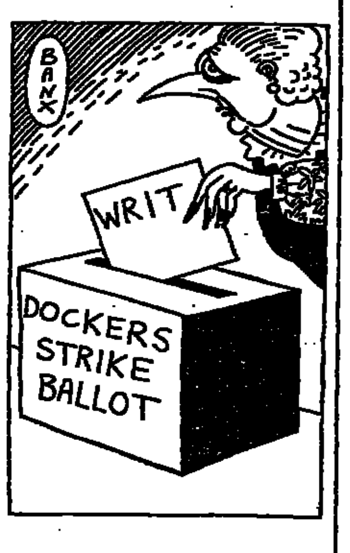
He wields his considerable charm to good effect in public. He has been known to make favourable comments about the British weather. But Bauman can also wield the axe behind closed boardroom doors. Bauman is credited with restoring profits and morale at Beecham whose commercial performance has improved substantially.

He is also something of a specialist in management strategy. His fondness for the latest buzz-word may jar with his more measured British colleagues but his experience will come in useful in fusing the 70,000 employees of the merged group.

His chief preoccupation over the next few months will be to persuade the American shareholders of SmithKline, who may feel they have not come out of it quite as well as those at Beecham, to back the deal.

Bauman's salary of about $1m puts him in the superleague but he elegantly sidestepped questions yesterday as to whether this would go up in view of his new role.

OBSERVER



Lost illusions

■ Fifteen years ago to the day I was in Beirut staying with Lucien George, a Lebanese friend who, at the time, was correspondent in the city for Le Figaro, the French daily.

We sat on his verandah in West Beirut high over a chic Mediterranean beach club sipping jasmine tea and watching the country's idle and unconcerned rich lazing in the sunshine.

As we talked, news came in of a busfull of Palestinians ambushed in a Christian suburb of the city, the incident which has come to mark the start of the civil war. Lucien was virtually alone then in thinking that the killings could unleash the forces which have since caused the death of 100,000 people, untold devastation and the effective partition of his country.

I called him yesterday in East Beirut, the Christian enclave to which he has moved and from where he now reports with measured judgment and not a little courage for the evening paper Le Monde.

The four-day lull in the fierce artillery war which has been ravaging the city had ended an hour earlier with a vicious exchange across the line of partition. At its height, he said, Syrian and Moslem militia gunners were firing three or four thousand shells *a day* into East Beirut.

Schools on both sides have been closed since Easter. When they are not cowering in underground shelters, children play in the street. Lucien's 10 year-old son is safely at school in Paris and they talk when they can. To see his son he has to take the ferry from the Christian port of Jounieh, shells permitting, to Larnaka in Cyprus before catching a flight to Paris.

The two sides of Beirut are now hermetically sealed. Not even his press pass will get him to Beirut airport three miles away as the crow flies. "The impasse, both physical and political, is total."

Electricity supplies are down to one hour in every 24. Some profit from the chaos. British and Japanese companies are competing fiercely for the growing market in emergency generators.

Over the years Lucien, like most Lebanese, has lost friends who have either been killed or kidnapped by one gang or another, never to reappear. The loss, he says, is hard to bear. What is even harder to bear, I suspect, is the lost illusion that somebody, somewhere will do something to save Lebanon instead of using it either as an extension of their foreign policy or as a means of lining their pockets.

Art to art

■ Helene Ahrweiler, the new president of the Centre Pompidou in Paris and Elizabeth Estève-Coll, the director of London's Victoria and Albert Museum, should swap notes.

Ahrweiler is facing the same turbulent start to her new job as head of one of the most famous cultural and artistic institutions in Europe as the gutsy Estève-Coll.

The Centre Pompidou, an architectural aberration of glass and rusting metal built 11 years ago and popularly known as "Beaubourg", has been shut down by strike action since the end of last month. Yesterday a breakthrough in the talks led to the suspension of the strike but that does not mean that Ahrweiler's problems are over.

Frustrated tourists peered helplessly inside the closed glass doors through which pass, on normal days, about 25,000 people.

The strike is about pay and working conditions as well as fears over the future of the centre. Like her British counterpart, Ahrweiler is proposing to tighten the management of the centre to make it more efficient, implying a more rigorous approach to the centre's £41m annual budget.

But unlike the V and A controversy, trouble was already brewing at "Beaubourg" well before Ahrweiler's appointment last February. Indeed, when she first arrived at the centre she was regarded by many of the employees as a female "Zorro".

Instead of appeasing the simmering unrest in the centre, her arrival appears to have fired it up. The Greek-born Sorbonne rector, a specialist in Byzantine studies, is now having to exercise her own byzantine skills to settle the conflict.

Alain Cass

ECONOMIC VIEWPOINT

Same information, more worries

By Samuel Brittan

Why has there been a change towards greater pessimism about the UK economy and about sterling? In large part, it is because conventional opinion and mainstream forecasts — which are pretty similar both in content and in usefulness whether coming from the Treasury or outside — have begun to catch up with the degree of inflation already in the system.

If we take the Treasury's as a point of reference — no more — we see that there was not only a big deterioration in projections for items such as inflation and the balance of payments between the 1988 Budget Red Book and the Autumn Statement in November. That was to be expected once the Treasury conceded that it had originally underestimated the strength of demand.

There was also a further deterioration in the very short period between November 1988 and the March 1989 Budget Red Book. The expected rate of increase of the Retail Prices Index during 1989 was raised from 5 to 6¼ per cent, despite the non-indexation of the specific duties which should have acted the other way. The size of the forecast intervening bulge in the RPI — for which figures are due tomorrow — was also raised from 7 to 8 per cent. The expected current payments deficit for 1989 — for what this is worth — was raised from £13bn to £14½bn. The forecast for real GDP was, on the other hand, trimmed back slightly.

Has anything happened since the March 14 Budget — or more realistically since the economic assumptions behind the Budget were formulated — that suggests further deterioration?

The most obvious change has been on the world scene. Contrary to general belief the more underlying or fundamental inflation indicators have eased back. For instance the Economist index of world metal prices, expressed in Special Drawing Rights, has fallen by over 10 per cent in the last month, and nearly 7 per cent in the last year. But for the moment this has been dwarfed by rising oil prices. The dollar price of Brent Crude, for instance, is nearly 30 per cent higher than a year ago.

The oil price increase is heavily influenced by special factors such as the Alaskan disaster, although there may also be an element of OPEC getting its act together. The cooling of commodity prices is clearly connected with the loss of steam in the US economy.

The boy who always cries "wolf" about the US economy is experiencing one of his occasional partial vindications, although it may still turn out to be a wolf cub rather than a real recession beast. At any rate my unsolicited trans-Atlantic advice to the Administration and the Fed about what to do about it is: precisely nothing.

Perfectly stable growth without fluctuations is not a property of successful capitalist economies. A period of consolidation will give market forces some opportunity to rectify the famous US imbalances. The Washington Institute for International Economics' advocacy of a fall in the dollar to DM 1.30 and Y100, and of measures to stimulate demand further in Germany and Japan is worth its weight in gold as an example of what not to do. (Indeed gold may be the only acceptable way of buying the institute's study if it were followed.)

The main policy requirement is to avoid frenetic over-reaction. I have vivid memories of being in New York and Washington during the last serious growth pause — in the summer of 1986. Hard-boiled monetarists who had left Washington because policy was not tough enough were echoing Richard Nixon, saying that they had become Keynesian. Even Beryl Sprinkel, the Administration's most unrepentant monetarist, temporarily swerved from a lifetime's convictions in the face of what he thought was hard evidence. The panic was all the greater because the preceding fall in oil prices had been expected to stimulate world activity.

The roots of the worldwide resurgence of inflation lies in the loss of nerve at that time — not merely in the US — and not in any temporary reaction to the October 1987 stock market crash, as the Finance Ministers' trade union would have us believe. The time lags in the latter's interpretation are far too short to be plausible.

Today the main uncertainty about the US economy — as it is about the British — is not how far it *will* slow down, but how far it *needs to do so* to put a lid on inflation. In other words, how much are labour demand and company utilisation above that consistent with stable inflation, let alone a fall in the underlying rate?

As the Bank of England has made clear, observers of the British economy are still clutching at straws. If the March retail figures suggest a levelling off of sales, the pronounced deceleration of the Treasury's beloved M0 will give it wider significance. But if the March retail figures follow the February ones upwards, M0 will be laughed out of court.

The Achilles heel in Britain is the labour market, for which we will have a fresh set of statistics today. At the Treasury Committee's examination of the British Chancellor, Nigel Lawson, I found Mr Anthony Beaumont-Dark's anecdotes about how much retailers were paying over the normal rates of extra workers far more illuminating than the chewing over the forecasts and the models which other members of the Committee seemed to favour.

The key question is how much activity will have to be reduced before such behaviour ceases to dominate the labour scene. We simply do not know the unemployment rate consistent with non-accelerating inflation.

The first downward influence on the underlying UK inflation rate will come from prices rather than earnings as profits are squeezed. For this to happen sterling has to be held almost at any cost. The foreign exchange reserves are here of more value for display than for major use; and if anything like a dock strike or a bad set of trade figures undermines confidence, interest rates will have to rise, almost whatever the state of the real economy.

Declining profit margins are not a long-term basis for lower or even stable inflation. Eventually any squeeze must work its way to labour costs

But declining profit margins are not a long-term basis for lower or even stable inflation. Eventually any squeeze must work its way through to labour costs.

The inflation chart repays careful study. For it shows considerable fluctuations over a range of 3 per cent to well over 5 per cent since 1983 even when the mortgage distortions are removed. It will therefore not be enough for the underlying inflation rate to be temporarily at say 3 or 4 per cent in the run up to the next election. That will not be all that difficult to achieve.

To produce a real change of gear towards a durable average inflation rate of 3 per cent — which is still a shade higher than that of France — something more significant will be required, which will need an article to itself, although there are no prizes for guessing what it will say.

* * *

The Treasury Committee cross-examination of Nigel Lawson proved, like most such long-awaited occasions, a disappointment. Amid much talk of the need for a further rise in interest rates and the visible evidence of a need to dip by more than £1bn into the reserves to sustain sterling in March, the Committee spent most of its time trying to catch the Chancellor out on numbers and forecasts and failing to do so. The Chancellor, for his part, instead of using the occasion for an exposition of economic strategy (which we are always told bores the floor of the House of Commons) was content to stonewall and give the impression that he would have been happy to do so all evening if Sir Terence Higgins had not brought the proceedings to a halt.

The trouble is that this Committee is more hooked on forecasts and formal models than the Treasury itself — a fixation that puts MPs at a disadvantage against trained officials and a Chancellor who knows his material.

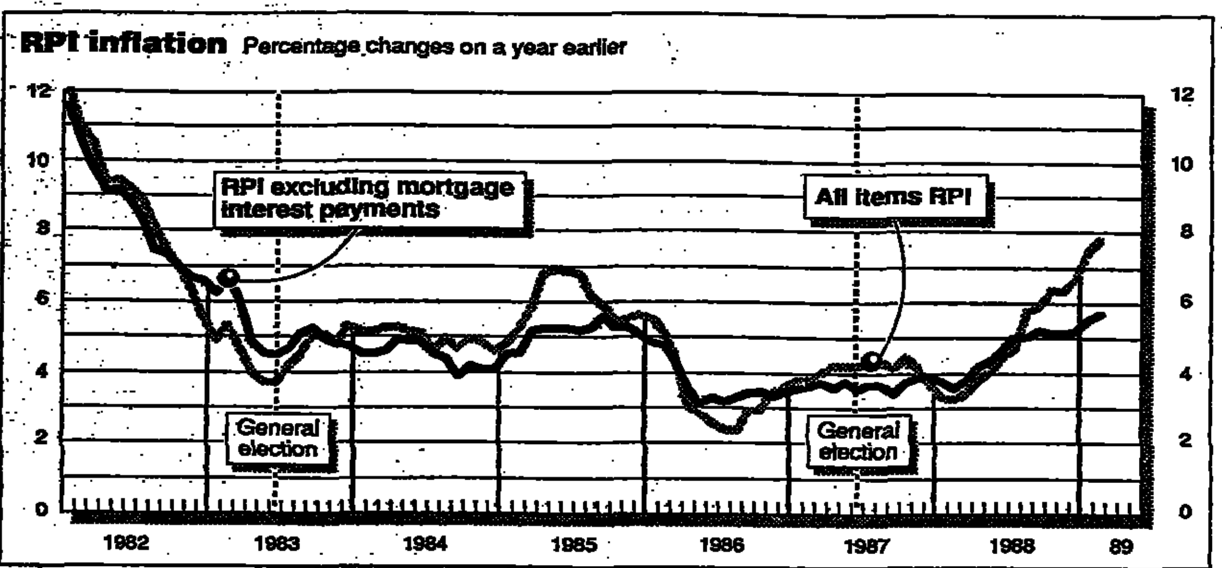
It is time to recognise that these mainstream forecasts, whether they come from the Treasury, or Treasury watchers outside are a snare and delusion, because they let us down at turning points when they are most needed.

The news that the Chancellor will now be responsible for the Central Statistical Office as well as the Treasury is a disaster — and for the opposite of the reasons usually given. (One critic remarked that — in view of Mr Lawson's occasional disparaging remarks about official data — it was like putting Herod in charge of policy for children.)

Neither the forecasts nor the official estimates for what has happened are infallible. It is extremely desirable that Ministers and others should occasionally cast a sceptical eye on them — no doubt more often when the message is unwelcome, but such is life.

But it will be more difficult in future for a Chancellor who is in charge of all the numbers to play the role of public sceptic. Mr Lawson probably knows the ropes well enough to get by; but a new Chancellor will find himself faced by a solid phalanx of CSO forecasters and other number crunchers, whose protector and political spokesman he will be expected to be.

Instead, responsibility should have been shifted in the other direction. By this I do not mean to the Prime Minister, who has enough to do anyway, but outside Whitehall altogether — contracted to the private sector for a service fee, or at least given to semi-independent organisations at arm's length from Whitehall as occurs in some other countries.



LOMBARD

Waiting for BT to answer

By Hugo Dixon

BRITISH Telecom's directory inquiries service is a disgrace. The system is so congested that, according to a report last year by the Office of Telecommunications, the industry watchdog, almost a quarter of calls do not even get a ringing tone. A further 3 per cent do not connect because of technical failures.

This is only the tip of an iceberg. Few calls that get as far as a ringing tone are answered immediately. Furthermore, once a call is answered it takes an operator an average of 39 seconds to find the number a customer wants.

The problem is that the present system cannot cope with the huge demands put on it. The result is waste of time, and frustration, for telephone users.

An obvious solution to the problem might be for BT to invest more in the service. The company already has a programme for computerising inquiries; it could add clever features to improve efficiency further. One idea, already common in the US, would be audio announcements, where a computerised voice answers requests for numbers.

On its own, however, such an approach would not work. BT's experience of modernising its directory service so far has a Tantalus-like quality to it. The more it modernises, the more people want to use it, but little impact is made on congestion.

Usage is growing at 7 per cent a year — double that rate in London. Some mail order companies have employees, compiling mailing lists, continually on the telephone to the operator; the most extreme example of this is a company which asked for 250,000 numbers in one go.

Another snag with the obvious solution is that it is difficult to see how BT could be persuaded to pump more money into its inquiry service. It already costs £150m a year, or 25p a call. BT has little incentive to improve it if the upshot is simply a higher bill because people use it more. BT's interests may actually be served by running the service down, to deter people from calling.

The solution is to charge callers an economic price for using the service. That would give BT an incentive to modernise inquiries, as well as being an efficient deterrent to over-usage. Customers unwilling to pay would look up the number in the telephone book, while those who really wanted assistance would get a first-class service.

The extra revenue should not, of course, be channelled into BT shareholders' pockets, but returned to customers through lower telephone bills. In that way, people who use the inquiry service rarely — mainly residential customers — would not subsidise those who use it often — mainly businesses. The best approach would be to cut the cost of international and long-distance calls, which are both much higher than they ought to be.

There are signs that this would be popular with customers. An NOP opinion poll conducted last year found that 52 per cent of those asked thought charging for inquiries was a good idea, provided there were compensating cuts in other telephone costs.

The main argument against charging for inquiries is that it would be equivalent to a restaurant requiring its customers to pay for a menu, or a railway company charging for train time-tables. Companies should provide information, which encourages people to use their service, for free, the argument goes. Charging for that information is bad business.

The analogy does not apply to directory inquiries. The cost of supplying a menu is very small compared with the cost of a meal, so the restaurant stands to make a profit by providing menus free. By contrast, the cost of finding a telephone number is more than BT can expect to earn from a single call, and so it faces a loss by providing a free service.

BT knows these arguments. Indeed, the company has often said that it believes charging is right in principle. Even so, it has been holding back on charging — apparently fearful of a public outcry. Nevertheless, with most of its customers supporting the idea, BT should have the courage of its convictions, and charge.

LETTERS

Breaking up BR

From Mr G.P. Cooper.

Sir, Your article exploring the various options in the potential privatisation of British Rail (April 10) shed light on the way interested parties are trying to counter the inchoate thoughts of Mr Paul Channon's Transport Department.

Such analysis — as demonstrated, perhaps, by Mr Channon's reference to pre-nationalisation arcadia — cannot escape 150 years of industrial history. The publication of proposals for a rail track authority (April 12) may give some focus; it is almost certainly the only option available if Mr Channon wishes to break up BR.

Interestingly, the Railways Companies Association (a sort of pre-nationalisation CBI of the railways) proposed the establishment of an independent track authority to try to stave off the post-Second World War Attlee government's aims. It failed, of course. But unless privatisation is to be an absolute giveaway, this solution is the only way to break up BR's operational bureaucracy.

This is not so much as to provide competition among the operators; multiple companies vying to operate individual trains on, say, one stretch of line, would create an operational and bureaucratic nightmare. But it does offer the prospect of breaking up BR into its business sectors and regional units, enforcing operational efficiencies which would have to come from organisations bidding for licences to operate specific routes.

To refer to the re-introduction of competition on the lines of the old "Big Four" railway companies is to deny the history of the last 40 years. The arguments for privatising BR as a discrete unit lay largely in acceptance of its cost structure, with its high proportion of fixed costs and the advantages of uniform operating systems. Types of rolling stock and the like do not really matter, but basic infrastructures such as signalling systems must be uniform, to enable inter-regional operation.

The Great Western Railway is the best example of unco-ordinated planning; it lived with Brunel's broad gauge for the first 60 years of its life, until the advantages (and economies of scale) of standardisation forced its board into expensive change. Similarly, on electrification, BR has the inherited Southern Railway system of 750v DC, versus the standard 25kv AC overhead system that exists elsewhere. (Therefore, for Channel Tunnel workings the existing third rail systems will either have to be dual electrified or rolling stock designed to run on both systems.)

Bob Reid, BR's current chairman, has greatly improved its operational efficiency by his sector management philosophy. But the sectors do not make individual, discrete privatisation units, because of the enormity of shared cost allocation problems. The basis of cost allocations between provincial, inter-city and freight sectors would have to reflect more appropriately the actual costs incurred.

Paul Cooper,
South Norlington House,
Ringmer,
Lewes, East Sussex.

CSO powers expand

From Mr J.L.T. Davies.

Sir, The announcement about the future of the Central Statistical Office (FT, April 6) seems strangely at odds with the Government's view of its role in other areas of the economy. The CSO is to have more money, more people and greater powers to compel private industry to report information, in the belief that this will improve official statistics.

Much of the information supplied to the government statistical agencies often has to be specially prepared for this purpose, outside the — generally very efficient — management information systems which most companies and organisations now have.

It is not surprising, therefore, that the aggregate information produced in this way is often incorrect. The CSO hordes about to be unleashed on British industry are unlikely by themselves to improve matters.

What is required is a more humble approach: designing reporting requirements which can be built into existing management information systems, where proper monitoring of information can and does take place. Thus the aggregate statistics for the nation as a whole will be improved dramatically without imposing substantial extra burdens on industry and commerce.

J.L.T. Davies,
World Bureau of Metal Statistics,
27a High Street,
Ware, Hertfordshire.

Debt reduction guidelines

From Professor Mike Faber.

Sir, It is said that every politician has his price. Thank heaven. If each stood forever on his "principles," we would never get sensible compromises on anything. The proper principle to apply to support for schemes of debt reduction by the international financial institutions (IFIs) is that this should only be done at the right price.

I suggest four guidelines:

● The quantity of debt extinguished (or the present value of the reduction in future interest liability) as a result of an IFI-backed buyback (or conversion) must be sufficient to improve the quality of that IFI's existing loans to the country by at least as much as the risk element in the nominal increment to the IFI's exposure to that country. If that criterion is not met, the quality of the IFI's own credit standing will decline — in the interest neither of the borrowers nor of the IFI's main shareholders.

● The rate of return on the new loan to the borrower (in terms of interest and principal obligations reduced) should exceed the prospective forex rate of return from any alternative new project by at least a factor of two; and the price at which the buyback or the debt-for-fully-guaranteed swap would be executed should never be more than a small margin above the price previously prevailing in the secondary market.

● The prospective discounts to be achieved through such conversions or guarantees in respect of the commercial bank debt of any sovereign debtor should be sufficient, with other measures, to offer the prospect of extinguishing that country's debt burden overhang in not more than five years.

That will take us to 1994. If any bank's lending policies prior to 1982 were so horrendously mistaken that even 12 years of patient treatment cannot clear up its balance sheet, that institution does not deserve to survive.

● If sovereign debtors — in despair — start to repudiate, tax authorities of jurisdictions where the banks are domiciled must accept substantial reductions in bank earnings. Any Treasury should balance such potential loss of revenue against any additional calls which may arise from the IFIs.

If something approaching these guidelines cannot be realised out of the Brady proposals, the UK Chancellor of the Exchequer will be right in maintaining his principled objection to the transfer of LDC debt from the private to the public sector. But if it meets these guidelines — and any such scheme is likely to involve the commercial banks accepting larger discounts than Wall Street or the City are looking for — that will be the time for the Chancellor to take the principled decision that the price is right.

Mike Faber,
Institute of Development Studies, University of Sussex,
Brighton.

'My target is public transport'

From Mr Steven Berry.

Sir, I am increasingly impressed by the imaginative schemes put forward by your readers, to ease traffic congestion in London. My own target would be public transport.

I recently monitored a three month period during which 69 per cent of all the trains I tried to catch were either cancelled or severely delayed. In fact (to the eventual amusement of the passengers) one particular train from Uxbridge to the City on the Metropolitan line was cancelled every day for three weeks without explanation.

Repeated letters of complaint to London Regional Transport result in a long wait — before being fobbed off. But the danger of artificially over-crowded trains and stations should not be under-estimated. Is it not time to take pre-emptive action, before another disaster occurs?

And when I have an important early morning meeting, I have no choice but to leave my £636.00 rail ticket at home and drive into the City, thus contributing to the traffic congestion. It is the only way to ensure I arrive on time.

Steven Berry,
Englefield,
90 Swakeleys Road,
Ickenham, Middlesex.

FINANCIAL TIMES
Thursday April 13 1989

Fujitsu to spend £400m on UK chip plant

By Ian Hamilton Fazey in Newton Aycliffe and Terry Dodsworth in London

BRITAIN pulled off one of the biggest inward investment coups of the decade yesterday when Fujitsu, the Japanese electronics groups, announced plans for a £400m ($676m) semiconductor plant in north-east England.

The project, which should create 1,500 jobs in Newton Aycliffe over a five-year period, dwarfs most of the other manufacturing investments by Japanese companies in the UK.

Fujitsu, which is to receive £30m Government aid for the project, is the world's sixth largest semiconductor manufacturer, with worldwide sales last year of $2.4bn.

The decision to move into European manufacturing means that the UK has attracted each of the two Japanese companies that have so far invested in the key production processfor microchips. NEC, the largest Japanese semiconductor company, with sales last year of $4.5bn, established a plant in Scotland some years ago.

Fujitsu is following NEC into memory chips and intends to start production early in 1991 after expenditure of some £200m. It will have some 300 employees. After that, it aims to move swiftly into more specialised custom-built products, where it is currently the world leader.

Mr Tony Newton, Trade and Industry Minister, claimed that the plant would have "valuable spin-off benefits to the electronics sector in the UK." He expected the investment to help Britain's trade balance by increasing the country's chip exports, and reducing imports.

Fujitsu's move, partly prompted by fears that Europe may become more protectionist with the development of the internal market programme in 1992, is expected to be followed by similar decisions from a variety of other Japanese companies.

Several other semiconductor groups are believed to be considering production elsewhere in Europe, and Toyota, the largest Japanese car company, is expected soon to announce a decision to invest around £800m in Derbyshire in the UK.

Without these latest investments, the UK has so far received about £1.5bn in inward investment projects involving 100 Japanese companies and generating some 25,000 jobs. According to figures from the Japan External Trade Organisation, Europe has attracted investment of $3.3bn.

The increasing attention that the Japanese electronics companies are now giving to Western Europe is expected to put further pressure for rationalisation on European companies.

It will have a bearing, for example, on the proposed acquisition of the Plessey group in the UK by the General Electric Company and Siemens of West Germany. Siemens, the only indigenous European dynamic memory chip producer, has been one of the most forceful exponents of the need for the European electronics industry to develop an alternative supply of chips to the Japanese and US.

Ten Commandments to solve a crisis

Lionel Barber on the clash of plans to tackle the US thrifts debacle

DELAY in passing President George Bush's rescue plan for the Savings and Loan industry would risk undermining the Group of Seven's confidence in US economic policy, Mr Nicholas Brady, US Treasury Secretary, said at a recent congressional hearing.

This must have surprised his fellow finance ministers who would put this issue very low on their list of concerns. For Mr Brady, however, the G7 has assumed the role of bogeyman in his struggle to persuade Congress to give the President at least one policy victory. On this occasion, however, there seems no need to frighten Congress: everyone agrees the S&L debacle must be tackled urgently. They disagree on how to do it.

The cost of the clean-up is now estimated to be about $157bn, against $90bn when the President launched his rescue plan only two months ago. The revised figure stems from a more realistic assessment of future interest rates, and the admission by the Administration that $20bn of the cost was hidden by the Bush plan's higher insurance premiums, which are counted in the budget as revenue but which cannot be used for anything other than bank rescues.

The upshot is that television has presented the S&L mess as a $500 charge on every US citizen; the General Accounting Office has said that the main cause of the losses is crime; and the industry, which has traditionally bankrolled members of Congress with heavy campaign contributions, finds that its friends have suddenly lost their voices, despite an enlarged army of professional lobbyists.

There are two main issues between the Administration and Congress, both of which are likely to be rehearsed during this week's Senate Banking Committee hearings to consider a rival plan sponsored by Senator Don Riegle, the Michigan Democrat who chairs the panel.

The main difference between the Riegle bill and the Bush plan are that the Senator would call on the Treasury to borrow the funds required on its own account, rather than through the proposed off-budget financing through the Resolution Funding Corporation (RefCorp). The senator claims

Mr Nicholas Brady, US Treasury Secretary, above right, and Mr William Seidman, chairman of the FDIC

that this change would save $4.5bn in interest charges.

Mr Richard Darman, Budget Director, has claimed in evidence to Congress that this plan would pose an impossible dilemma: if the funds were taken within the budget, it would be impossible to meet the targets for deficit reduction, while to leave any Treasury borrowing off the Budget would create a dangerous precedent which would alarm the markets – not to mention the Group of Seven.

At the time the plan was drawn up, immediately after the election campaign, Mr Darman argued that the real danger was political: he was worried that the Democrats might insist on putting the capital cost of the rescue on the budget (the interest costs are charged to the budget under either plan).

This might enable them to create a fiscal crisis in 1990, and thereby torpedo Mr Bush's "No new taxes" pledge in a year of mid-term elections.

Relations between the Administration and the Democrat-controlled Congress have since turned out to be a good deal more friendly, if not necessarily more productive, than was suspected after an ill-tempered campaign. Given the very tight constraints on the budget, Mr Riegle's plan, which also enjoys support among House Democrats, may well be approved.

There is, however, disagreement over Mr Bush's plans for reorganising the regulation and supervision of the industry. The President plans to put the new Home Loan Bank Board under the control of the Treasury; but the regional Bank Boards resent any threat to their independence, while Congress is suspicious of White House control.

The best hope of compromise may be to expand the powers of the Federal Deposit Insurance Corporation (FDIC), which managed the banking crisis of the mid-80s with great success and within its own resources.

Mr William Seidman, FDIC chairman, has earned great prestige, and clearly enjoys it. A bald 67-year-old who is built like a truck and sounds as if he might drive one, he was recently asked to account for his rapid rise in influence. "I guess it's because I'm so handsome and charismatic," he replied.

In fact, he is not only an effective regulator and political infighter, but a man who thinks like the former business school dean that he is. Mr Seidman was offering a persuasive 10-point plan – "The Ten Commandments", as he modestly called it – at a time when the political world was still pretending there was no crisis.

One of these was that supervisors should have the power to close down problem thrifts before they are actually insolvent. This principle has now been accepted. The FDIC has begun taking control of the worst cases under Mr Bush's interim plan – which also abruptly halted the private sales to which the industry's previous regulator, the Federal Home Loan Bank Board, had been driven by its own lack of funds.

Meanwhile, the healthy part of the industry is concerned above all to reduce the higher insurance premiums and capital requirements which would be imposed under the Bush plan.

They argue that this would simply push many more S&Ls across the threshold of financial crisis. It remains to be seen whether any of the former friends of the thrifts in Congress are still willing to speak up for the industry.

Mr Bush has signalled that he is prepared to veto any bill which is too lenient and seems ready to harness popular outrage at the scandal as a threat against Congress. The betting on Capitol Hill is that the two houses will have agreed on a measure by late June, and that, while the industry will get some concessions, they will not be enough to silence the complaints or risk a presidential veto. If Congress tries to go any further, then Mr Bush could have an excellent issue for the mid-term elections.

One thing is clear: whatever measure is passed will satisfy neither the industry nor some of its fiercest critics. These are the very same conservatives who most favoured the deregulation which made the disaster possible. The free marketeers now argue that the root cause of the trouble is the provision of federal deposit insurance, which under deregulation has become an incentive for weak savingsbanks to speculate. They further argue that, if deregulation is to work, insurance premiums should be risk-based (one of the Seidman commandments).

Many Congress members, on the other hand, would prefer to return to regulation, notably raising to 70 per cent or more the percentage of loans which must be committed to housing. With the President publicly committed to resist any attempt to revive financial regulation, there is still plenty of room for deadlock before a rescue is finally agreed.

GPA group to announce $15bn of aircraft orders

By Kieran Cooke in Dublin and Lynton McLain in London

GPA GROUP of the Republic of Ireland, one of the largest and fastest-growing aircraft leasing companies, is expected to announce next week one of the biggest batch of aircraft orders ever placed, worth about $15bn.

Mr James King, chief operations officer of GPA, formerly Guinness Peat Aviation, said about 200 aircraft would be bought from Airbus Industrie, the European consortium, and Boeing and McDonnell Douglas of the US.

Mr King said: "The manufacturers tell us this would make it the biggest aircraft order in aviation history."

The formal announcement is to be made simultaneously next Tuesday in London, Paris and New York.

Last September, Delta Airlines of the US placed a $10.5bn order with options for a total of 225 Boeing and McDonnell Douglas aircraft.

Mr King would not give specific details, but said the order would reflect the market share now held by the Western world's big three manufacturers and would involve both wide- and narrow-bodied aircraft.

Delivery of the aircraft will be over seven years up until 1996.

Several aircraft engine manufacturers will be involved in the GPA deal, including the top three manufacturers, Rolls-Royce of the UK, and General Electric and Pratt & Whitney of the US.

In addition, the International Aero Engines Consortium, which includes Japanese companies and the Franco-US CFM International group of engine makers will also been involved.

GPA at present owns 172 aircraft with a net value of about $3bn. The group is operating with 64 carriers in 32 countries.

The group is taking delivery of one new aircraft a week.

GPA is a privately owned group founded in the mid-1970s by Mr Tony Ryan, a man who describes himself as "just a Tipperary farmer."

The initial share capital of the group was $50,000. A recent Salomon Brothers report valued GPA at more than $1bn.

The group is expected to announce net profits for 1988-89 of $150m, up from the 1987-88 figure of $101m.

The group has indicated that it could go public in the not-too-distant future. At present Mr Ryan holds 10 per cent of GPA's shares. Other big shareholders include Air Canada, Aer Lingus, Mitsubishi Trust and Banking and the Prudential Insurance Company of America.

THE LEX COLUMN

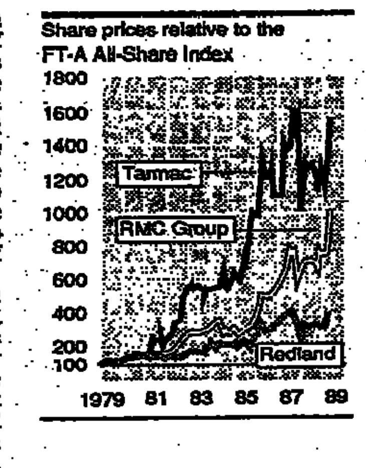
The answer lies in the chemistry

The most important question about the proposed merger of Beecham and SmithKline is also the hardest to answer. The details of the financial engineering will be immaterial after six months, and the industrial fit looks in principle impeccable. The real task is to produce a unified corporate culture: in other words, to make it all work in terms of management.

The intention to produce a pure merger seems genuine, and there are evident attempts to produce a balance. The new company will be based in the UK, but SmithKline comes first on the letterhead; the board will be equally drawn from both companies, and UK and US shareholders will have equal weight. But the executive structure has a 60/40 feel to it. Beecham provides the chief executive, the head of research, the finance director and the personnel director. Besides supplying the chairman, whose role seems to consist mainly of public and investor relations, SmithKline fills only one really powerful post – the head of prescription pharmaceuticals, which is half the merged business.

Like joint ventures, full mergers are tricky territory, the more so if they are cross-border. Shell and Unilever each retain UK and Dutch boards, and have elaborate constitutional checks and balances. Asea/Brown Boveri might be thought a precedent, but one might ask how much of its culture will remain Swiss rather than Swedish. The likely tendency is for Beecham to dominate SmithKline. But perhaps this can be handled: Beecham's top management already has a strong American flavour, SmithKline morale will be low in any case, and Mr Bauman is just the man to impose formal structures and make them work.

Financially, the deal has the same feel to it: a pure merger in form, with little or no premium for control, and a slight bias in Beecham's favour. In essence, Beecham shareholders get half the new company and £1.3bn in cash, while SmithKline shareholders get the other half plus a mixture of cash and spun-off equity worth, at a rough guess, £1.4bn. Applying Beecham's own multiple to the new company's pro-forma earnings, the whole operation produces a total value of around £9.5bn – compared to a combined market capitalisation at present of just over £9bn – and a value for SmithKline shares uncannily close to yesterday's $63½.



Equally, buying Beecham shares at yesterday's 615p, on a historic 18½ times earnings, would buy historic earnings in the merged company on an almost identical multiple. So it all comes down to prospects: a couple of years of fast growth from accelerated sales and reduced costs, and a question mark – in both managerial and product terms – five years out. There could still, of course, be some last-minute intervention: but the markets are no longer betting on that.

RMC Group

It is hard to see how RMC could have had a better year. The weather was on its side, and in a UK construction industry where output rose by a very healthy 7 per cent, RMC – the industry leader in ready mixed concrete – grew its own business by 18 per cent. Whereas Tarmac has been hit by its exposure to housebuilding and Redland is suffering from some of its earlier diversification moves, RMC has stuck to its traditional businesses and is doing very nicely. Its US operations are not doing particularly well, but they are not big enough to damage earnings unduly. Doubtless there is an element of luck in its success; but with volumes growing by at least 5 per cent this year, a prospective multiple of 9 is undemanding unless RMC's growth is about to come to an abrupt halt; which seems unlikely.

Australia

The Australian Government seems to be readying itself for an election within the next twelve months. This is the only way that yesterday's economic statement makes sense. For a country which is running a chronic balance of payments deficit – and one of the highest inflation rates in the world – to announce substantial tax cuts seems to fly in the face of sound finance. Whereas the Government had used previous statements with good effect to reassure the financial markets, the latest measures are aimed at keeping the country's restive trade unions happy.

The kindest interpretation is that the latest stimulus to demand will offset any economic slowdown which materialises later this year. However, in order to maintain confidence in the Australian currency, short-term interest rates of 18 per cent are needed. For the foreign exchange markets, the big fear must be that rates will be allowed to fall as electoral pressures mount later this year. For equities, the outlook is not quite so bad. The main worry is that Australia's tight monetary policy will push the economy into recession. However, the Australian market has substantially underperformed the rest of the world so far this year, and a prospective multiple of 8 and a 6.5 per cent yield suggest that a lot of the bad news has already been discounted.

Tesco

Tesco's figures yesterday did further damage to two popular notions about food retailers: that the superstore craze will end in tears, and that high interest rates will force the nation to eat sausages rather than steak. In fact, there was no sign in yesterday's results of consumers cutting back. And with underlying volume growth of 2 per cent, tales of superstore saturation appear far-fetched, or at least premature. In any case, the 17 per cent increase in earnings yesterday showed that growth in volume is only a small part of performance. Never mind volume; still only half of Tesco's turnover comes from the new stores, in which margins are 2 percentage points higher than the present average; and as the other half is converted, the company should manage pretty safe Sainsbury-style earnings growth in the high teens for the next couple of years at least.

Of course, the effect of the interest rate rise on the housekeeping may have merely been delayed, and maybe Tesco's accelerating opening programme is rash. But yesterday's 23 per cent rise in the dividend tells another tale, and the 5p rise in the shares, to 158p, shows the market inclined to believe it.

Canberra risks A$4.9bn budget hand-out

By Chris Sherwell in Canberra

THE Australian Government yesterday handed out A$4.9bn ($3.95bn) in tax cuts, increased social security payouts and productivity-linked pay rises.

The budget is likely to be the last before the next general election, expected before the end of this year, and involves a calculated risk of stoking an overheating economy.

The package comes as Australia's inflation rate, current account deficit and external debt are rising sharply, but Mr Paul Keating, the Federal Treasurer, insisted his strategy was the only one capable of tackling these problems while maintaining business activity and high employment.

"These are measures of great substance, carefully directed to those who deserve them," Mr Keating said.

His assertions were challenged by the Liberal-led opposition coalition, which said Mr Keating had failed to address the country's fundamental problems. It called the package a "cruel hoax" because the benefits would be "gobbled up" by inflation and interest rates.

There was little reaction in the financial markets, where concern over Australia's deteriorating economic outlook has risen recently, despite the Government's tightening of monetary policy to damp surging demand. On the foreign exchanges and domestic futures markets, the package was said to have contained no surprises.

Mr Keating said the Government would alter tax legislation to curb companies using offshore tax havens to evade Australian tax.

His tax cuts bring the lowest marginal rate down to 21 cents in the dollar from 24 cents, and the top rate to 47 cents. The cuts will be paid for out of the federal Government's budget surplus in the current year of A$5.5bn-A$6bn.

Another A$710m in increased family allowances and pension benefits is being funded with equivalent government spending reductions at both federal and state level.

The pay rise measures, agreed with trade unions, provide for earnings increases of 6.5 per cent in 1989-90 for workers who agree to improve flexibility, productivity and skills.

The package, which benefits low-to-middle income families, is directed at the heart of the Australian electorate. Voters are due to go to the polls sometime before the middle of next year, but expectations have grown that Mr Bob Hawke, the Prime Minister, will call an early election.

Mr Keating said last night that "this package could only be delivered by a Labor government."

However, analysts argued that his strategy represented a gamble, reflecting his own lack of political latitude for manoeuvre. Mr Keating has preferred the risk of a further boost to the economy rather than backing away from some of the commitments made to unions so close to an election and at a time of falling popularity of the Labor Government.

Voters and analysts suspicious, Page 6; Lex, Page 20

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio		-	-	Dubrovnik	C	21	70	Malta	F	18	64	Rhodes	S	21	70
Algiers	F	23	73	Edinburgh	F	10	50	Manchester	F	9	48	Rio de J'o	C	38	100
Amsterdam	R	12	54	Faro	C	18	64	Manila	F	34	93	Rome	F	18	64
Athens	C	19	66	Florence	C	20	68	Melbourne	C	18	64	Salzburg	S	22	72
Bahrain	S	29	84	Frankfurt	C	16	61	Mexico City	F	24	75	San Francisco		-	-
Bangkok	F	35	95	Funchal	C	20	68	Miami	S	31	88	Seoul	S	21	70
Barcelona	C	14	57	Geneva	R	8	46	Milan	R	12	54	Singapore	F	29	84
Beirut		-	-	Gibraltar	C	18	64	Montreal	S	0	32	Stockholm	F	18	64
Belfast	R	9	48	Glasgow	F	10	50	Moscow	F	17	63	Strasbourg	C	16	61
Belgrade	S	22	72	Guernsey	S	11	52	Munich	S	22	72	Sydney	C	24	75
Berlin	S	23	73	Helsinki	C	8	46	Nairobi	F	22	72	Taipei	C	25	77
Biarritz	F	13	55	H. Kong	C	20	68	Naples	S	21	70	Tangier	C	18	64
Bombay	S	30	86	Innsbruck	F	17	63	Nassau	F	30	86	Tel Aviv	S	24	75
Bordeaux	R	11	52	Inverness	F	9	48	New Delhi		-	-	Tenerife	S	19	66
Brussels	C	11	52	Islamabad	F	28	83	New York	S	5	41	Tokyo	F	16	61
Budapest	S	21	70	Istanbul	F	15	59	Nice	R	14	57	Toronto	F	0	32
B. Aires	F	20	68	Jakarta	R	32	90	Nicosia	S	22	72	Tunis	F	20	68
Cairo	S	29	84	Jersey	F	13	55	Oporto	F	13	55	Valencia	F	18	64
Cape Town	S	22	72	Jo'burg	F	23	73	Oslo	R	9	48	Venice	C	16	61
Caracas	C	28	82	Lima	F	24	75	Paris	F	12	54	Vienna	S	21	70
Casablanca	C	18	64	Lisbon	F	15	59	Peking	S	22	72	Warsaw	S	21	70
Chicago	C	3	37	London	R	11	52	Prague	S	20	68	Washington	S	4	39
Cologne	R	12	54	Los Angeles	C	16	61	Reykjavik	C	1	34	Zurich	C	16	61
Copenhagen	S	15	59	Luxembourg	R	8	46	Readings at mid-day yesterday							
Corfu	F	21	70	Madrid	F	12	54								
Dallas	C	10	50	Majorca	S	22	72	C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain							
Dublin	F	10	50	Malaga	F	22	72	S-Sun Sl-Sleet Sn-Snow T-Thunder							

LME to resume trading in tin

By Kenneth Gooding, Mining Correspondent, in London

THE LONDON Metal Exchange, whose prices provide a reference point for metals contracts worldwide, is to start trading tin again on June 1 after a 3½ year break.

The announcement came as tin prices, which have already soared by more than $2,000 a tonne in the past eight weeks, moved above $10,000 for the first time since March 1986.

The LME suspended its tin contract in October 1985. This followed the collapse of the International Tin Council, an inter-governmental organisation of producers and consumers, with debts totalling $906m.

Complex litigation, which arose after the ITC collapse when its 23 member countries refused to honour its debts, continues.

The way was paved for the contract to be reintroduced once a complaint by Shearson Lehman Hutton, part of the American Express banking group, about the way the LME had dealt with the repercussions of the collapse was rejected last month by the High Court in London.

Mr Christopher Green, LME chairman, said the decision "in no way changes our strong view with regard to the responsibility of the ITC member countries to right the wrong that resulted in the suspension of the tin contract."

Commodities, Page 34

FINANCIAL TIMES
COMPANIES & MARKETS
Thursday April 13 1989

INSIDE

Health, wealth and happiness?

The world of pharmaceuticals got the news it was waiting for yesterday with details of the merger between Beecham of the UK and SmithKline Beckman of the US. Peter Marsh looks at the proposed new *SmithKline Beecham*, which would have annual sales of about £3.7bn, and is being heralded as "a major global force in the healthcare industry," by Bob Bauman, chief executive-designate. Page 29

Bourses begin to bite back

The European Community's stock exchanges are belatedly trying to present a more unified front towards the European Commission in Brussels, as they face a string of new legislative measures that could seriously affect the way many do business. Topics on the agenda include indirect taxes, takeover bids and insider trading. But after a meeting with Sir Leon Brittan (left), the European Commissioner responsible for stock exchange business, the bourses may be making some progress. Page 27

US shows faith in Europe

Investment managers in the US believe the UK and continental Europe currently have the most attractive overseas equity markets. About two-thirds of the 72 senior US investment officers interviewed by a New York-based research and investor relations counselling firm, thought 1992 and the removal of trade barriers represented a significant investment opportunity. By contrast, 64 per cent felt Japan's prospects were fair or poor. Page 43

Polly Peck meets its forecast

Polly Peck International, the agricultural, electronics and textiles group headed by Asil Nadir, has narrowly beaten the profits forecast of £142.5m that accompanied a £133m rights issue last October. In the event, it turned in a pre-tax figure of £144.1m for the 16 months to December 31, with Nadir saying he would continue to try to raise the quality of earnings and to reduce dependence on any single geographical location. Page 30

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Continental	265.5	+	5
Daimler Benz	707	+	16
Degussa	475	+	11
Siemens	541.3	+	7.8
Falls			
Kaufhof	442	−	3.5
NEW YORK ($)			
Rises			
Citizens & Sth.	34½	+	1¼
McDonnell Doug.	92½	+	1⅛
Motorola	44⅞	+	½
Falls			
J.P. Morgan	37¼	−	1⅛
Phoenix Tech.	14½	−	2½
SmithKline Bck.	63⅝	−	1⅛
PARIS (FFr)			
Rises			
Groupe Acc.	404	+	15.6
Mais. Phenix	104.1	+	4.3
CFP	1395	+	64.8
U.C.B.	217	+	9.7
Falls			
BP France	89.1	−	2.8
Eaux DS	76	−	2.5
TOKYO (Yen)			
Rises			
Amada	1510	+	140
Amada Sonoike	1120	+	90
Noritake	1360	+	130
Falls			
Disney's Japan	3050	−	250
Towa Real Est.	1110	−	90
Yaid Good Kog.	1400	−	90

New York prices as at 12.30pm.

LONDON (Pence)			
Rises			
Abbey Panels	423	+	20
Beecham	615	+	14
Body Shop	469	+	8
Burmah	535	+	10
Cable & Wire.	467	+	8
Control Secs.	68	+	3
Glaxo	1372	+	27
Helical Bar	320	+	14
Laing Props.	496	+	15
Logica	371	+	17
London & Man.	269	+	2
Pilco	372	+	2
Reckitt & Coln.	1029	+	17
Regalian	122	+	5
Rothmans	481	+	10
Sema Grp.	321	+	31
WPP Grp.	670	+	12
Falls			
BOC Grp.	474	−	11
Safeway Corp.	173	−	8½
Mecca Leis.	169	−	11
Whitbread	343	−	6

Nissan plans to double US capacity

By Kevin Done, Motor Industry Correspondent, in London

NISSAN, the second largest Japanese motor vehicle group, is to invest about $490m in a move which will nearly double its US production capacity to 440,000 units a year. The expansion will bring Nissan's total US investment to more than $1.2bn.

The addition at Nissan's Smyrna, Tennessee plant is a further step in the rapid expansion of Japanese motor groups' capacity in North America which is expected to reach about 2.5m units a year by the early 1990s.

Nissan has already committed some $760m in investment at Smyrna. It began production of pick-up trucks in 1983 and in 1985 added the Sentra passenger car range (known as the Sunny in Western Europe and Japan).

It is now planning to add a second car product line, with production of a new medium-sized car scheduled to begin in the summer of 1992.

Nissan currently sells the Stanza (sold in Europe as the Bluebird and in Japan as the Auster) in this market segment in the US, but it is expected that this range will be replaced in 1992 by the new car to be produced in the US.

Nissan is planning capacity to produce up to 200,000 units a year of the new range, which will bring the total vehicle assembly capacity at Smyrna to 440,000 units a year.

In the year to March 1989, Nissan produced 214,586 vehicles in the US. Production of the Sentra totalled 119,074, while output of the pick-up totalled 95,512. It said the expansion at Smyrna, near Nashville, would add about 2,000 jobs to the existing workforce of some 3,200.

Nissan also makes some components at Smyrna and engine assembly is due to begin in the summer this year with an initial output of 12,000 units a month. Nissan achieved a 50 per cent local content ratio in the US in the year to March 1988, but this is due to rise to about 75 per cent by 1991.

The Smyrna plant is also to supply all the main panel parts for a front-wheel-drive minivan that is being developed jointly by Nissan and Ford of the US.

The new "people carrier" vehicle, announced last autumn, will be produced at Ford's Ohio truck plant from late 1991.

Nissan is rapidly expanding its overseas production capacity and aims to build more than 25 per cent of its production volume outside Japan by the early 1990s.

In Western Europe it is planning to invest a further $400m in its car and commercial vehicle manufacturing activities by the early 1990s, in addition to the $1.4bn already invested chiefly in its 200,000 units a year car plant in the UK and its commercial vehicle operations in Spain.

Last week Nissan said that it had established a new company, Nissan Distribution Service, a 51/49 per cent joint venture with Nissan Motor Car Carrier, which transports Nissan cars by sea.

The new company is scheduled to begin operations in April 1990. Vehicle storage and pre-delivery inspection work in Europe is to be centralised at Amsterdam. Vehicles will then be shipped directly to dealers instead of to distributors. Nissan said the new system was aimed at reducing distributor inventory costs and at shortening delivery times.

Daf sets date for £445m flotation

By Kevin Done, Motor Industry Correspondent, in London

SHAREHOLDERS in Daf, the Dutch commercial vehicle maker in which British Aerospace has a 40 per cent stake, are expected to raise £270m to £280m when the company goes public on the London and Amsterdam stock exchanges in June.

Close to 65 per cent of Daf shares are expected to be offered at a price which will value the company at about £445m ($752m). Three-quarters of the available shares will be sold in the UK and the Benelux countries.

Under the flotation timetable announced by Daf yesterday, the company will issue a preliminary prospectus on May 2 together with an indicative range of offer prices.

The final prospectus including the will be published, and applications will close on June 2. Trading will begin on June 5.

BAe, Daf's largest single shareholder, could raise about £100m from the flotation.

It only paid £150m last year to take over the whole of Rover Group, including the Daf stake, from the UK Government, which had injected £547m into Rover to wipe out much of its debt.

BAe and other major Daf shareholders, the van Doorne family and DSM, the recently partially-privatised Dutch chemicals group, are to reduce their existing stakes by some 60 per cent. Small shareholders such as Amsterdam-Rotterdam Bank, and Infifon, a Dutch venture capital fund are expected to sell their entire stakes. BAe will remain the largest single shareholder with 16 per cent.

The issue will offer the first chance to invest directly in a leading Western European truck company. Other leading truck makers – Mercedes-Benz, Volvo, Iveco and Scania – are parts of larger groups. Renault Vehicules Industriels is state-owned.

Daf was in fourth place in the European market for trucks above 3.5 tonnes gross vehicle weight last year, behind Daimler-Benz, Iveco, and RVI. It was marginally ahead of Volvo.

The company, which took over the Leyland truck and Freight Rover van operations from Rover in April 1987, produced 55,767 vehicles, including 20,508 vans, in 1988. It more than doubled net profit to Fl 147.1m (£40.6m) from Fl 63.1m in 1987, while turnover rose by 37.7 per cent to Fl 5.2bn.

Daf is expected to be protected from hostile takeover bids by various devices available under Dutch corporate law. A two-tier board structure is a one such obstacle.

The supervisory board, whose main role is to nominate the management board, is bound to act on behalf of all stakeholders in the company, which are deemed to include the workforce, dealers and suppliers and not just shareholders. The supervisory board itself co-opts new members.

The lead bank for the flotation is the Amro Bank, which will also be responsible for the issue in the Benelux countries. The issue is to be handled by S.G. Warburg Securities in the UK, while Credit Suisse First Boston will handle it in other markets, most importantly Switzerland.

In parallel to the disposal by existing shareholders, DAF is still considering a limited issue of new shares to raise about £40m to help fund its future expansion.

The UK issue will take the form of a private placement to institutions, while shares will also be made available to small investors in the Benelux countries. In addition, Daf is also considering an employee share scheme for its 16,500-strong workforce, which could include the issue of free shares.

Mecca alters Hard Rock deal terms

By Andrew Hill in London

INVESTORS in Britain's Mecca Leisure Group will enjoy the main benefits of last year's £750m ($1.27bn) takeover of Pleasurama in 1990, according to Mr Michael Guthrie, Mecca's chairman.

Mr Guthrie, who said the bid would cause some earnings dilution in 1989, yesterday had to defend Mecca's results for the 15 months to December 31, which showed pre-tax profits of £30.3m – some £4m lower than most City forecasts. Mecca's shares slipped 11p to 169p on the news.

The bingo, holiday camp and nightclub group finally won its bid for Pleasurama, a catering and casino business three times Mecca's size, in October, and it made a two-month contribution.

Mr Guthrie said the period between September and December – which brings the companies' financial years into line – had included the slack holiday period and coincided with some dull trading in Pleasurama's casino business.

"This bid ran till the 59th day and everyone had their heads down over that. All these things meant additional challenges for management," he added.

But he said integration of Pleasurama, and rationalisation of both groups – including 100 redundancies – had already realised £5.5m of annual savings.

Mecca has renegotiated the terms of Pleasurama's acquisition of the Hard Rock Café chain, which many believed would be sold. The deferred payment is now based on continuing profits and excludes one-off property sales or royalties.

Mr Guthrie said Mecca would continue to own and operate Hard Rock in the US and London, but management of self-contained outlets opened elsewhere would be franchised out.

Details, Page 28

French assemble Meccano buy-in

By George Graham in Paris

THE SAVIOUR of Meccano, the 88-year-old metal-construction toy, is to pass the torch.

Mr Marc Rebibo, who took over the ailing Meccano from General Mills of the US in 1985, has sold the company to a buy-in group led by Mr Dominique Duvauchelle, whose construction experience was on a much larger scale with the French building group Bouygues.

Invented in 1901 by Mr Frank Hornby, Meccano's original Liverpool factory has been closed for years. In the past three years, however, Mr Rebibo has returned the French operation, with its factory at Calais, to health and sales have climbed from FFr5m in 1985 to FFr58m ($9.2m) in 1988.

Hornby, Meccano's sister company and maker of the celebrated Hornby model trains and Scalextric electric racing cars, has also had a chequered financial career, but recovered to a flotation on London's Unlisted Securities Market at the end of 1986.

French children have long been under the impression that Meccano was a purely French product. After the closure of the UK factory, however, Calais is reconquering the British market, which now accounts for about 30 per cent of total sales.

Meccano sets are also making headway in other English-speaking countries such as Canada and Australia, as well as in the US, where its lookalike competitor, Erector Set, has been withdrawn.

Mr Rebibo, whose enthusiasm for Meccano remains undiminished and infectious, says he began to look for a buyer because the company had reached a stage where, in order to expand, it needed a different style of management. In addition, running the company is no longer the "mission impossible" it appeared when he took over in 1985.

He will remain a board member of Meccano.

Meccano will be taken over by a new holding company, Finamec, 51 per cent controlled Mr Duvauchelle's investment vehicle, Financière de Serbie Management. A 40 per cent stake will be held by Initiatives et Finances, the French buy-out specialist which put together the deal, with 5 per cent each held by Initiative's shareholders, Charterhouse and Indosuez.

About a quarter of the financing is achieved through mezzanine funding, using convertible and deferred bonds.

The three main aims are to boost the overseas marketing effort; to develop sales of derivative products, such as Meccano brand clothing, which is to be tested in Marks and Spencer stores later this year; and to expand the company's plastic injection activities. Besides the plastic junior version of Meccano, it makes components for other toymakers as well as for motor and electrical equipment groups.

Eastern talks on verge of collapse

By Anatole Kaletsky in New York

MR PETER Ueberroth's deal to buy Eastern Air Lines from Texas Air seemed on the verge of collapse yesterday morning, after an acrimonious all-night bargaining session between the representatives of Eastern's striking unions and Mr Frank Lorenzo, the Texas Air chairman.

Amid conflicting statements from Eastern's management and lawyers dealing with the bankruptcy proceedings, it became clear that the main sticking point concerned Mr Lorenzo's personal role.

Emboldened by a court ruling in Miami on Tuesday night, which confirmed that the strikes against Eastern were legal, the unions were insisting that Mr Lorenzo be removed immediately from any management role at Eastern as a condition for a return to work.

With the apparent backing of Mr Ueberroth, union leaders pressed Judge Burton Lifland, presiding over the Eastern bankruptcy, to appoint a trustee to take control the airline's assets, pending completion of the sale.

This demand was forcefully rejected by Texas Air. Mr Lorenzo seemed to believe that he still held some strong cards in the bargaining over Eastern's immediate future because of his exclusive right, under US law, to propose an initial reorganisation scheme for the bankrupt airline.

The tension between the two sides and the increasing irritation apparently felt by Judge Lifland became apparent yesterday morning, when Eastern's president, Mr Phil Bakes, told reporters that the deal with Mr Ueberroth and the unions had been "called off" and that a formal announcement would be made shortly by Mr Lorenzo.

A few hours later, the Eastern news conference was abruptly cancelled, apparently in response to a personal instruction from Judge Lifland. The judge had repeatedly stressed throughout the bankruptcy proceedings that his highest priority was to get Eastern's aircraft flying again as soon as possible and there were indications that he might attempt to override Texas Air's management to achieve this.

Judge Lifland ordered attorneys representing Texas Air and Mr Ueberroth back into his chambers for further talks. "I don't think the deal is definitely off - all you can say is that there is no deal right now and the parties are still talking," commented Mr David Boies, the lead bankruptcy lawyer representing Texas Air shortly after the start of the new negotiating session.

Good ship Sanko returns from the edge of the world

Robert Thomson looks at plans to put life back into the once-proud Japanese tanker operator

COURT-APPOINTED custodians of Sanko Steamship, once the world's largest tanker operator and, later, the largest Japanese company to collapse in post-war history, have produced a restructuring plan that symbolises the return to the Japanese commercial fold of this one-time maverick.

While the plan calls for the non-payment of 97.72 per cent of the Y695.8bn ($5.23bn) owed by Sanko and three affiliates, a company official said the proposal would not have been made public without a nod of approval from the line's three main bankers, Daiwa Bank, Tokai Bank and Long-Term Credit Bank.

The Sanko collapse, and the subsequent application for court protection in August 1985 under the Corporate Rehabilitation Law, Japan's variant of the US Chapter 11, were precipitated by the banks' unwillingness to keep pumping funds into the ill-fated operator. This was despite the company's strong political ties and the tradition of keeping ailing companies afloat.

The three banks have good reason to harbour bitter memories of Sanko. Apart from having to write off an estimated Y233bn in loans and guarantees, the executives and directors of the banks had their salaries and bonuses cut by up to 25 per cent for six months, a not uncommon Japanese way of apportioning blame and assuming responsibility.

In fact, most of the outstanding loans were written off long ago, and a foreign banker aware of the substance of talks between the company's custodians and the banks said that Sanko is "really a new company with a new image," and suggested that the banks involved are now keen to see how profitable the new Sanko will become.

Former deputy Prime Minister Toshio Komoto: Sanko's largest shareholder before its collapse

"It has never been a question of the banks getting a fair share. If you said that 50 per cent of debts would be covered, it would be just picking a figure because the money is not there. You have got to look at what can be earned. It is a very straightforward problem," the banker said.

A Tokai Bank official said the restructuring plan, likely to be submitted to the court in July and formally presented to creditors in November, is "hard on the bankers," but "we want to try to help the company." Daiwa Bank and LTCB had no comment on the plan. Daiwa's outstanding loans and guarantees were estimated at Y94bn, LTCB's at Y79bn and Tokai's at Y60bn.

An analyst from a British bank said the proposals are typical of how "Japanese banks rally around" troubled companies though the losses incurred would hardly dent the reserves of the banks involved. "The great lesson to learn from the Japanese system is that it seems to be superior when it comes to a crisis. The Japanese banks have already written it off, and now they should be able to get a tax break on the debt."

At its peak, the old Sanko had 240 vessels and a workforce of 2,400, and had as its largest shareholder and founder Mr Toshio Komoto, former deputy Prime Minister and a significant force in the complex factional politics of the ruling Liberal Democratic Party. The company, long considered an outsider in Japan for ignoring official guidance to the industry, collapsed after ambitiously embarking on a shipbuilding and rate-cutting campaign, which peaked as the industry slumped.

Under the restructuring plan, announced last Friday and to be refined in coming months, the existing fleet of 103 bulk carriers and 46 tankers will be maintained, while about 560 staff will remain on the payroll.

It is proposed that Sanko absorb one of the three affiliates, Zuito Shipping, erase the combined Y68.4bn in capital, and raise new capital of Y10bn through a debt-to-equity swap and a new share issue.

Repayment of debts under Y10m is expected early next year, but the bulk of repayments will be spread over 18 years. Sanko alone has 2,948 creditors and, banks aside, its ability to find new investors remains to be tested. However, the company has indicated that the reformed Sanko will be far more congenial to industry guidance than during its aggressive former life.

Volvo sells oil trading subsidiary

By Robert Taylor in Stockholm

VOLVO, the Swedish motor and food group, is selling its lossmaking oil trading operations covered by its subsidiary, Scandinavian Trading Company, to AB Interfinans, a Swedish finance corporation.

The sale all but ends Volvo's involvement with the oil business. Its one remaining link will be its 20 per cent stake in Saga Petroleum of Norway, which it has held since 1983. Eighteen months ago Volvo sold off its 49.9 per cent stake in Hamilton Oil for $393m.

The acquisition does not for the moment include J S Saba Continent, the Dutch fruit trading company, in which Volvo owns 50.2 per cent. However, negotiations are to continue over this part of the business, for Volvo is keen that Saba should be included in Interfinans' acquisition.

"This sale will come as a relief to Volvo. The oil side of the company has been a disaster from the beginning," said Mr Mikael Sjowall, an analyst at Kleinwort Benson, the UK merchant bank, yesterday. "It comes as no surprise," added Mr Gunnar Andersson of Svenska Handelsbanken. "The oil business was contributing nothing to the company's performance."

Observers of Volvo believe that the retreat of the company from risky oil ventures will enable everybody to concentrate more single-mindedly on the core operations of Scandinavia's biggest company.

Interfinans, which has interests in the Swedish steel industry and finance, has also had many years of experience in oil trading. "We are convinced that we will earn money from STC," declared Mr Karl Eric Aman, chief executive of Interfinans, yesterday.

He stressed that continuing co-operation with Volvo through a five-year agreement on future international trading activities was an important factor in the acquisition. "STC's economic position is very strong. The company has high liquidity."

It was also announced yesterday that STC is to have Mr Jan Danielson as its chief executive, a post he held with Volvo from 1984 to 1986.

During much of the 1980s Volvo has experienced serious problems with its trading company, which covers oil and fruit. Last year STC's recorded sales fell by 29 per cent to SKr11bn ($1.71bn) and its losses amounted to SKr35m. The fruit trading side of the business has been showing a profit, but the oil side had an estimated loss of around SKr200m in 1988.

The 50-year-old STC was bought by the Beijer group in the 1970s and then sold to Volvo in 1980 but with the drop in world oil prices it has not turned out to be such an attractive proposition. In 1983 it recorded losses of SKr1.2bn, although it made a modest profit in 1986 and 1987.

'Satisfactory' result for Commerzbank

By Haig Simonian in Frankfurt

COMMERZBANK, West Germany's third biggest bank, showed a 4.3 per cent fall in group partial operating profits last year to DM1.05bn ($534.5m). However, group full operating profits, which include gains from trading on own account, rose by just under 5 per cent to an estimated DM1.31bn.

The fall in partial operating earnings came despite a 4.8 per cent increase in group interest earnings to DM2.97bn and a 2.3 per cent rise in group fee income to DM993m. However, the increases failed to compensate for the 8.3 per cent jump in personnel costs to DM1.97bn, reflecting an expansion of 680 in staff numbers to 27,320.

The result, which was the third best in the bank's history, was "thoroughly satisfactory," according to Mr Walter Seipp, chief executive. The dividend is being maintained at DM9 a share.

Business in the first two months of this year had declined only marginally from the sharp growth trend seen towards the end of last year, during which group total assets rose by 11.6 per cent to DM180.4bn. Although lending margins remained under pressure, interest income in the first two months of 1989 had increased, while fee earnings had risen sharply.

Mr Seipp hinted that Commerzbank would soon be joining Deutsche Bank and Dresdner Bank, its two bigger rivals, by becoming more closely involved in the insurance business. The bank's plans could involve buying an equity stake in a life insurer.

The bank again increased its provisions for sovereign debts, partly using special loss provisions, which under revised German tax rules must now be reallocated over a three-year period. Overall, the bank allocated some DM235m to reserves, up from DM176m in 1987, while group net profits rose to DM489m from DM423m.

Mr Seipp used the opportunity to launch a stiff attack on the Bonn Government's record towards the financial sector, which he said were "half-hearted," and compared unfavourably with the much more pro-finance policies followed by some of Germany's neighbours, such as France.

Metals group optimistic

By Andrew Fisher in Frankfurt

METALLGESELLSCHAFT, the West German metals, chemicals, and industrial plants group, expects a further rise in profits in 1988-89 after a sharp increase in the year to September 30, 1988, Mr Dietrich Natus, the chairman, said.

Group earnings in the first six months were well above the targeted level and that of the same period of the previous year. Turnover was 30 per cent higher, after allowing for disposals, with earnings showing a similar rate of increase.

However, Mr Natus said the rises in turnover and profits could not be expected to remain as steep over the whole year. To a large extent, the improvements reflected increased metals trading business, with rises in both prices and volume. But metal prices were now below the exaggerated levels of previous months.

In 1987-88, Metallgesellschaft lifted net profits by 55 per cent to DM155m ($83m) with turnover up 14.3 per cent to DM15.2bn. The increases stemmed from both increased group business and the intensive cost-cutting and restructuring efforts of recent years. Earnings per share totalled DM22.5 against DM14.5.

A dividend increase to DM8 from DM6 has been proposed.

Krupp slides into the red

By Our Financial Staff

FRIED. Krupp, the West German industrial group, yesterday reported a net loss of DM202m ($107m) against a net profit of DM41.8m in 1987.

Krupp said that "structural changes at the steel unit and continuing problems at the plant-engineering division" had depressed the results, despite an improved performance at its steel-making division.

The company said it had operating income of DM217m in 1988, an increase of almost 30 per cent over the DM175m in the previous year. Most divisions made profits, the best being Krupp Stahl, the steel-making unit, which said on Tuesday that its net earnings soared to DM118m from DM5m in 1987.

But the costs connected with the gradual shutdown of the Rheinhausen steel mill, which is part of Krupp Stahl, weighed on its books, Krupp said. The subsidiary had to make extraordinary provisions of DM285m to pay social costs to the displaced mill employees and to write off some of its assets.

The plant-engineering unit, Krupp Industrietechnik, remained the group's biggest problem – it ended the year with a loss.

Sulzer plans rights issue to raise SFr55m

By John Wicks in Zurich

SULZER BROTHERS, the Swiss engineering group, plans to raise SFr55m ($33m) through a rights issue of new registered shares, as well as an unspecified sum by a participation certificates issue.

At the same time, shareholders at the company's May 18 annual general meeting will be asked to approve payment of unchanged dividends for last year of SFr100 per registered share of SFr1,000 nominal value and SFr11 per participation certificate and registered share of SFr100 nominal value.

The rights issue foresees the offer of 20,000 new registered shares of SFr1,000 nominal value at a unit price of SFr2,750 and an as yet unspecified number of new participation certificates of SFr100 nominal value at a price of SFr275. Both deals will be based on a ratio of one-for-10.

Over and above this, the board will ask for approval for the discretionary creation of further participation certificates with a total nominal value of up to SFr2.8m. These would be reserved for such purposes as the backing of future warrant and convertible bond issues.

Consolidated net earnings of the Sulzer group were last year slightly higher than those for 1987 at SFr79m (SFr77m). After inclusion of new acquisitions, group turnover rose 17 per cent in 1988 to SFr4.63bn.

● Rieter Holding, the Winterthur-based parent company of Rieter, the Swiss engineering group, proposes to make its registered shares available to foreigners. This is the first decision of its kind since Nestlé opened its stock ledger to non-residents last november.

Rieter, which will in future have voting capital consisting solely of registered shares, is to retain limits on share registration to keep at least two-thirds of capital and voting power in Swiss hands.

Rieter Holding has announced a sharp rise in group profits for last year from SFr42m to SFr74m, following an increase in consolidated turnover from SFr1.34bn to SFr1.7bn.

Société Générale lifts 1988 earnings by 28%

By George Graham in Paris

SOCIETE GENERALE, the largest French private sector bank, has reported a 28 per cent increase in net profits for last year to FFr3.04bn ($477m).

Mr Marc Viénot, chairman, said net banking income rose by 8.4 per cent to FFr31.1bn, with earnings of the bank's portfolio of equity investments climbing 34 per cent to FFr5.9bn. "I think we can risk the adjective 'good' instead of 'adequate'," he said.

Net interest income rose by 4 per cent to FFr16.5bn, but commission and fee income stagnated at FFr8.6bn.

Commissions on stock market transactions fell by a third to FFr2bn in 1988 as the wave of transactions stemming from the French privatisation programme ended, and the stock market crash of October 1987 braked small investors' activity. London capital market operations incurred losses of around FFr50m.

The bank boosted its bad debt provisions by FFr4.68bn, down from FFr6.07bn in 1987 and the sizeable provisions of FFr7.2bn made in 1986 before its privatisation.

Mr Viénot said, however, that Société Générale had also carried out foreign exchange cover operations and made provisions at the group level to cover the risks of banks in which it has invested.

These extra provisions covered for the most part European American Bancorp, in which Société Générale has a 28 per cent stake.

European American's provisions cover only 30 to 35 per cent of its country risk, well below the group's level of cover.

Mr Viénot said that the bank's total stock of provisions on the 10 chief debtor countries — including 79 per cent of its country risk — covered 57.6 per cent of its exposure.

Société Générale earlier this year warded off the assault of Mr Georges Pébereau, with an armistice which Mr Viénot described yesterday as "an amusing little solution." After the break-up of Mr Pébereau's investment company, SIGP, 53 per cent of Société Générale's capital is in the hands of what Mr Viénot calls "concentrated shareholders".

The bank's own subsidiaries have 8.3 per cent, followed by Caisse des Dépôts, the state financial institution, with 6 per cent, and GAN, the state insurer, with 4.9 per cent.

Six insurance and industrial groups have stakes of between 3.5 and 4.5 per cent, while Mr Viénot confirmed that Michelin, Pernod Ricard and Peugeot came to his aid during the battle against Mr Pébereau by taking 2 to 3 per cent stakes.

Société Générale is increasing its dividend by 13 per cent to FFr13 a share.

Orkla raises stake in Elkem

By Karen Fossli in Oslo

ORKLA BORREGAARD, the Norwegian industrial and investment group, yesterday boosted its stake in Elkem, a leading Norwegian light metals group, to 27 per cent from 16 per cent.

Orkla's move came a day after Elkem forecast a near five-fold increase in its first-quarter profits to more than NKr400m ($34.6m) from NKr79m in the same period last year.

Before yesterday Orkla was already Elkem's largest shareholder. It had lifted its stake to 16 per cent from 11 per cent last week.

The second largest shareholder in Elkem is Bergesen, Norway's leading shipping company, which has a 10 per cent stake.

Storebrand, Norway's ailing insurance group, is understood to have sold its 6 per cent stake in Elkem to Orkla at market price.

Orkla said: "The background for the purchase is (Orkla's) securities department's assessment that Elkem shares represent an interesting object for investment."

On Tuesday Elkem forecast an increase in its equity capital to 30 per cent from 25 per cent during 1989. Considerable restructuring at Elkem and strong metal prices helped it bounce back to profit in 1988 after experiencing losses of NKr147m in 1987.

Profits for 1988 reached NKr658m before extraordinary items. A major cost cutting programme is on schedule.

Bond to gain control of China brewery

By Gordon Cramb

MR ALAN BOND, the Swan and Castlemaine XXXX lager baron, yesterday agreed a joint venture which will give him control of a brewery in Guangdong province, providing an opening in the Chinese beer market.

Bond Corporation International (BCI), the Hong Kong offshoot of his Perth-based group, said it would take "an approximate 85 per cent share" in Huizhou Brewing Company. Its partner in the 25-year arrangement is an entity of the Huizhou municipal government.

The granting of majority control to foreign participants remains rare in Chinese joint ventures, where the overseas side is commonly restricted to 49 per cent. BCI added that its representatives would take five places on the seven-seat board.

It is injecting some US$10.5m, which will help finance an expansion of capacity to 50,000 tonnes a year from 15,000 tonnes. Liquid volume output was not given.

The brewery, 18 months old, produces its own aluminium cans, which it also sells to other beverage makers.

INTERNATIONAL COMPANIES AND FINANCE

Spedley crash sparks suspensions

By Bruce Jacques in Sydney and Stephen Fidler in London

EFFECTS of the failure of the Spedley group, Australia's latest corporate collapse, spread in financial markets yesterday as four more connected companies had their shares suspended and a National Companies and Securities Commission inquiry looked increasingly likely.

First Federation Discount, an authorised short-term money-market dealer owned by Spedley, also informed the Reserve Bank of Australia that it was "withdrawing from its market activities for the time being." First Federation also repaid all outstanding loans from its clients yesterday.

In London Mr Robert Dibben, finance director for Kirkland-Whittaker, the foreign exchange and deposit broker taken over by Spedley in 1983, said that Kirkland was carrying on business as usual at its eight offices worldwide.

Mr Dibben said he was awaiting more details from the liquidator, and could not speculate about likely corporate developments. Apart from its London business, Kirkland has offices in Amsterdam, Luxembourg, New York, Hong Kong, Bahrain, Jersey and Singapore.

In the UK, brokers are supervised by the Bank of England. They are separately capitalised and are forbidden from taking positions as principals. For these reasons, there was little reaction in the foreign exchange market to Spedley's problems.

Spedley Holdings and its Spedley Securities subsidiary, the two main companies in the unlisted group, were placed in provisional liquidation on Tuesday at the request of their two largest creditors. These are Australian National Industries (ANI), the leading heavy engineering group, and GPI Leisure, part of the empire of Mr Brian Yuill, the businessman who heads Spedley.

The four stocks suspended yesterday were in Bisley Investments Corporation, BT Insurance Holdings, Tulloch Lodge and West Coast Holdings. However, directors of ANI maintained that there was no need for suspension of its shares despite a stated exposure of at least A$194m (US$157m) to Spedley.

Shares in ANI lost a further 4 cents to A$1.12 on Australian stock markets yesterday – down almost 40 per cent on their 1989 high point.

But GPI, which is believed to have similar exposure to Spedley, has had its shares suspended at the directors' request. The company's capitalisation is a fraction of ANI's and its position appears worse because it has endorsed A$165.7m worth of Spedley bills purchased by ANI and which are due for discharge next month.

While the companies suspended yesterday are comparative lightweights, they have connections with some well-known Australian business figures. Bisley is identified with Mr Brent Potts, a leading Sydney stockbroker, while Tulloch Lodge is associated with Mr Tommy Smith, a prominent racehorse trainer.

A strong connection also emerged yesterday between the Spedley crash and that of Rothwells, the Perth merchant bank formerly headed by Mr Laurie Connell.

The West Australian State Government Insurance Corporation, a main Rothwells creditor, confirmed that it had incurred unspecified exposure to Spedley just before the Rothwells collapse last year. This strengthens a previously tenuous connection between the two crashes based on a friendship between Mr Yuill and Mr Connell.

Maxwell bids to buy Jerusalem Post paper

By Hugh Carnegie in Jerusalem

MR ROBERT MAXWELL, the British publisher, plans to take advantage of a $200m divestment programme agreed by Koor Industries, Israel's largest industrial group, with its creditors.

He is bidding for the Jerusalem Post, the English language daily newspaper controlled by ICC, an investment company owned by Koor.

Through his Bishopgate Investment Management company, Mr Maxwell has also acquired for $30m cash an 18 per cent stake in Teva Pharmaceuticals, one of Israel's top 10 companies. This was held by Koor until it was hived off this year to Koor's biggest Israeli creditors, Bank Hapoalim and Bank Leumi.

Teva had sales of $211m last year. It is Mr Maxwell's third Israeli investment in 10 months.

Koor, owned by Hevrat Ha'ovdim, the national labour federation, has so far raised about $80m from its sale of assets. The disposals were agreed as part of a package to rescue the company from heavy losses and debts of more than $1.2bn.

Staff at the Jerusalem Post are concerned about the possible threat to their independence. Other suitors include Mr Ayre Ganger, an Israeli businessman, and Mr Charles Bronfman, a Canadian investor.

Austrian tyre maker registers rise in turnover

By Judy Dempsey in Vienna

SEMPERIT REIFEN, the Austrian-based tyre manufacturer, improved its performance last year and says it is on the road to success.

Turnover for the company, 75 per cent of which is owned by Continental of West Germany and the rest by Creditanstalt-Bankverein, Austria's largest bank, increased by 11 per cent to Sch7.8bn ($551m). Net cash flow after tax rose 7.6 per cent to Sch551.6m.

Production of Semperit tyres at a factory just outside Vienna increased by 185,000 units to more than 3.7m. Exports account for 70 per cent of turnover.

Continental has until the end of the year to exercise an option to buy Creditanstalt's 25 per cent stake. It is unclear whether this will be taken up. Creditanstalt owns two thirds of the Semperit Holding group, of which the tyre company is a subsidiary.

Hopewell in HK$3.86bn issue

By Michael Marray in Hong Kong

HOPEWELL HOLDINGS, a Hong Kong property and construction group, is to raise HK$3.86bn (US$494.9m) through a one-for-one rights issue in one of the biggest fundraising exercises seen on the local stock market.

The bulk of the proceeds will be used to finance two projects currently being undertaken by Hopewell – the 91-storey Tower Hotel on Hong Kong Island, and a six lane super-highway linking Hong Kong to Guangzhou (Canton) in China.

Mr Li Kashing is supporting the issue through Cheung Kong Holdings, which is underwriting 13 per cent of the 1,485m new shares on offer at HK$2.60 each. Mr Gordon Wu, controller of the group, family members and Hopewell directors will take up their rights in full, accounting for another 60 per cent of the issue.

This leaves just over HK$1bn worth of shares for the other underwriters, led by James Capel Far East and Wardley Corporate Finance. The announcement was welcomed in the market, where expectations of a Hopewell rights issue have been depressing its share price for some months.

Some HK$2.5bn of the proceeds are earmarked for land and development costs for the Tower Hotel, which when completed will overtake the new Bank of China headquarters as Hong Kong's tallest building.

Another HK$1.2bn will go towards phases one and two of the super-highway, which will cut travel time between Hong Kong and other cities in the Pearl River delta on completion in 1993. The balance of the funds raised will be used as working capital for the group.

The rights issue announcement was timed to coincide with the release of Hopewell's interim results, which showed a rise in net profits of 14 per cent to HK$265.3m for the six months to December.

Turnover fell to HK$663.9m from a previous HK$772.4m. The company published a net asset value figure of HK$6.15 per share before the rights issue.

Mr Li Kashing's appearance as an underwriter could signal closer co-operation between Cheung Kong and Hopewell in China, where Mr Wu has established a reputation as an aggressive player, despite running into bureaucratic difficulties on the highway project at one stage.

Hopewell finished building the Shajiao B power station in Guangdong province ahead of schedule, and is now negotiating to build another power station in the area. It also has an interest in the China Hotel in Guangzhou.

● Wing On, a department store and property group, reported a 50 per cent rise in 1988 net profit to HK$135m while turnover increased 21 per cent to HK$1.24bn, AP-DJ adds.

Attributable profits, including a gain from the sale of a building, were HK$148m, up from HK$90m. The dividend totals 22 cents. Last year's payout, which included a 10-cent special dividend, amounted to 24 cents.

INTERNATIONAL APPOINTMENTS

Viscount Davignon named as chairman of La Générale

SOCIETE Générale de Belgique, Belgium's largest holding company, appointed Viscount Etienne Davignon as chairman in a move that had been expected.

Mr Rene Lamy, La Générale's former chief who held the post of governor, resigned with effect from this Tuesday. The company said it will propose at the next annual general meeting that Mr Lamy be made honorary governor of the group in recognition of his services.

Viscount Davignon, formerly a director of La Générale and prior to that a European Community commissioner, was one of the few board members to survive the sweeping changes in the holding company after a bitter takeover battle last year left Compagnie Financière de Suez, the French privatised financial group, in control.

As part of the change, the post of governor was abolished and replaced by a chief executive, Mr Herve De Carmoy, and a chairman.

★ ★ ★

BARON Paul-Emmanuel Janssen, chairman since the start of this year of Générale de Banque, Belgium's largest bank, has joined the board of supervisors of Amsterdam-Rotterdam Bank (Amro), the second biggest bank in the Netherlands.

The two banks announced plans early last year for a merger, scheduled to be completed by February 1991.

★ ★ ★

NIPPON LIFE, Japan's largest life assurance group, announced changes at the top for this, its centenary year.

Mr Josei Ito will succeed Mr Gentaro Kawase, 72, as president. The latter will become chairman after having spent seven years as president. The appointments will be formalised at a board meeting scheduled for July 4.

The 59-year-old Mr Ito joined Nippon Life in 1953. He rose to managing director before becoming executive vice president in March last year.

★ ★ ★

AMERICAN EXPRESS, the US financial and travel related services group, named a new senior representative for its Soviet Union unit.

He is Mr James Kober, 58, who assumes the title of vice president, American Express USSR this month and will be based in Moscow. His responsibilities include overall supervision of all American Express corporate and travel related services activities in the USSR.

Mr Kober, who joined the company in 1958, is moving from its headquarters in New York, where he has served as vice president worldwide co-ordination for travel and the US representative network. He succeeds Mr William Fisher on his retirement to the US after 34 years with the company, the last five years in the USSR.

★ ★ ★

BOEING Aerospace, a unit of the Boeing US aeroplane manufacturer, announced that Mr Mark Miller will retire as president on May 1.

Mr B. Dan Pinick, a Boeing corporate senior vice president, will become acting president of the unit.

Federal-Mogul appoints chief executive

THE BOARD of Federal-Mogul, the big US manufacturer of automotive and aerospace components based in Michigan, has elected Mr Dennis J. Gormley chief executive officer with effect from May 1.

He will succeed Mr Thomas F. Russell, who will retire from the post but retain his other role of chairman.

The company has been steadily restructuring its operations, putting its profits base on a much better footing and strengthening its hand against any unwelcome predators.

Mr Gormley, 49, has been serving as president, chief operating officer and a board member for the past year, and as an employee for 25 years.

Mr Russell has spent 47 years with the company. He became president in 1972, chief executive in 1975 and chairman in 1976.

INTERNATIONAL COMPANIES AND FINANCE

JP Morgan profits fall sharply

By Anatole Kaletsky in New York

J.P. MORGAN, the fourth biggest US bank group, yesterday reported a sharp decline in earnings in the fourth quarter, reflecting what it described as the "adverse worldwide interest environment" during the past few months.

The lower earnings came as a disappointment to analysts and J.P. Morgan's shares fell $1 to $37¼ immediately after the results were announced.

Morgan made net profits of $180m or 96 cents a share in the first quarter, 36 per cent down from the $281m or $1.52 reported a year earlier.

Although the underlying decline in the results was smaller because $43m of last year's profit related to a refund of US taxes, Mr Lewis Preston, Morgan's chairman, made clear his disappointment with trading conditions in recent months.

"Interest rates have risen significantly over the past 12 months, and recently the yield curves in the US and other markets have either flattened or inverted, limiting the opportunities for profitable repositioning of interest rate exposures. These circumstances were also unfavourable for trading and other income-earning opportunities," Mr Preston said.

Morgan's net interest income in the latest quarter was $299m compared with $438m a year earlier. Excluding tax refunds the year-ago net interest income was $399m. The bank's net interest yield fell to 1.68 per cent from 2.58 per cent a year ago.

Non-interest income was also down – to $394m from $435m a year ago. Foreign exchange, other trading income, investment securities gains, trust and agency income were all lower than the year before.

Other non-interest income, mainly from fees and commissions, was up 10 per cent to $213m. Total non-interest expenses declined 2 per cent to $436m.

Morgan's cross-border exposures were $4.6bn, virtually unchanged from the end of 1988 and $300m below their year-ago level.

Common stockholders' equity was $5.7bn or 5.73 per cent of average total assets in the first quarter.

Mead says profit dip 'masks true strength'

By Our Financial Staff

MEAD, the US paper and packaging company, yesterday announced a 20 per cent decline in first-quarter net earnings, but said the reported earnings do not reflect the underlying strength of operations.

Net earnings for the quarter ended April 2 were $52.6m or 81 cents a share, down from $65.8m or $1.01 a share a year earlier.

Net sales rose 4 per cent to $1.13bn from $1.09bn.

However, Mead, the leading US producer of school and office stationery, said earnings per share from continuing operations, excluding its acquisition and divestiture activities, rose 29 per cent from a year earlier.

Mead said net earnings per share in first quarter 1988 included 17 cents from the sale of its paperboard products division and 15 cents in earnings from Brunswick Pulp and Paper, which was sold in August, 1988.

Also, the acquisition of Michie, a compiler and publisher of state legal codes, in December, 1988, diluted first-quarter 1989 earnings by 3 cents a share.

"Our businesses performed very well during the quarter in terms of both sales and earnings," said Mr Burnell R. Roberts, Mead's chairman. "Our strategy of investing for the future and managing for the long term tends to mask the true strength of current operations, but we believe it is in the best interest of Mead share owners."

Mr Roberts said the company's paper division performed particularly well during the quarter. However, earnings for the coated paper division declined slightly.

Westinghouse edges ahead in first quarter

By Karen Zagor
in New York

WESTINGHOUSE, the diversified heavy electrical equipment maker, yesterday reported a 5 per cent increase in net income for the first quarter.

Net profits for the quarter ended March 31 were $189m or $1.30 a share compared with $180.5m or $1.25 a year ago. Revenue for the period was $2.89bn, up 9 per cent from $2.75bn in 1988.

This year's net income included a restructuring provision of $261.5m which largely offset gains of $266.1m from the sale of the company's elevator business and the formation of a transmission and distribution joint venture with Asea Brown Boveri.

Income for the 1989 quarter was boosted by the sale of the company's minority interest in a cable television programming service.

Earnings for 1988 were restated upward to reflect a lower tax provision. The Pittsburgh-based company said the effective tax rate for the latest quarter was 28.7 per cent from the restated 23.4 per cent the previous year.

Westinghouse said that operating profits from the Energy and Utility Systems group rose substantially on higher revenues, principally from nuclear fuel, energy systems and transmission and distribution businesses. Although revenues for the Financial Services sector improved, its operating profit was down from the record first quarter of last year.

Record returns from Motorola

By Anatole Kaletsky

MOTOROLA, the Chicago-based semiconductor and electronic equipment company, reported record sales and earnings for the first quarter.

The results showed improvements in semiconductor orders from the Far East.

Motorola's results, with those of other chip makers, are currently significant because of uncertainty about the state of the present semiconductor cycle and tensions between the US and Japanese governments over semiconductor trade.

Motorola's shares gained 62.5 cents to $45 yesterday morning, as part of a broad advance by computer and electronics issues.

Motorola made $123m, or 95 cents a share, after tax in the first quarter, a gain of 8 per cent on the $114m or 88 cents reported the year before. Its worldwide quarterly sales were up by 11 per cent to $2.17bn.

The company said that higher orders in semiconductor products and general systems group were offset by lower profits from the communications sector.

But new orders in all three businesses reached new records for any quarter.

The company's other, smaller businesses – information systems, government electronics and automotive electronics – all suffered small sales declines.

Sales in the semiconductor sector advanced by 11 per cent, while orders rose 9 per cent and backlogs increased 7 per cent.

Orders were higher in all regions, led by Japan and the Far East, the company said.

Communications sales increased by 5 per cent, while orders rose by 12 per cent and backlogs by 9 per cent.

The company said that operating profits fell because of a short-term shift in the product mix and increased development costs, as well as unusually strong results in the year-earlier quarter.

In the general systems group, sales climbed by 58 per cent, with cellular telephone businesses particularly strong.

Andersen expands consultancy

By Pratap Chatterjee in New York

ARTHUR ANDERSEN, the largest management consultancy firm, is to invest up to $2bn over the next five years in expanding its consultancy practice.

The firm expects to raise capital through several financial instruments including commercial paper, specific project investments from financial institutions and a leasing company, which will be set up.

Arthur Andersen has restructured its business after seven of its top consultancy partners left to set up a rival practice with help from Saatchi and Saatchi.

Following this the firm reorganised its work into two strategic business units (SBUs), accounting/tax and consulting.

Lloyds Bank Canada cuts staff by up to 12%

By David Owen in Toronto

LLOYDS BANK Canada, the country's largest foreign bank, is cutting staff in a bid to reduce its cost/income ratio.

No indication of the extent of the cutbacks has been given, but it is believed that up to 12 per cent of the bank's 1,509 staff could be affected. In a prepared statement, the bank said that most of the reduction had been achieved "through natural attrition."

The move follows two years of disappointing financial performance after the acquisition of the troubled Continental Bank of Canada in November 1986.

In its year ended October 31, Lloyds Bank Canada – which had assets of C$5.3bn (US$4.46bn) and 55 Canadian branches – reported profits of C$2.17m.

This represented a return on average assets of just 0.04 per cent and ranked it 23rd for profitability among foreign banks active in Canada.

Of late, the bank – one of only two foreign banks in Canada with a significant branch network – has focused its efforts on two principal target markets: well-to-do individuals and medium-sized companies. Earlier this year it launched its own string of mutual funds.

The strategy has also encompassed the upgrading of mortgage products and the introduction of a Registered Retirement Savings Plan.

Oerlikon parent passes dividend

By John Wicks

OERLIKON-BUEHRLE Holding, Zurich parent company of the Swiss industrial and services concern Oerlikon-Buehrle, is to pass its dividend for the third year in succession.

Parent-company net profits remained almost unchanged at SFr1.5m ($904,000) for last year, while consolidated results of the group as a whole showed a loss of SFr35.5m.

This compares with a loss of SFr115.2m for 1987 and brings total group losses for the three past years to SFr240.5m. Group sales in 1988 rose to SFr4.23bn from SFr4.1bn.

The increase would have been some 4.5 per cent higher but for various divestment.

NCNB grows sturdily

By James Buchan in New York

NCNB, the expansionist North Carolina banking group which is seeking to acquire Citizens & Southern in Atlanta, yesterday reported sturdy growth in its earnings in the first quarter and said this strengthened the case for a merger.

The Charlotte-based company, which has offered to buy Citizens & Southern with about $2.3bn worth of its own stock, yesterday rejected demands from its smaller rival that it drop the offer.

Mr Hugh McColl, NCNB's chairman, said: "It is time for us to meet and to begin working together."

NCNB, which has grown by leaps and bounds towards the top ten ranking for US banks, said yesterday that its earnings in the first quarter to the end of March rose 8 per cent over the 1988 first quarter, to $75.8m or 82 cents a share.

The banking group said the 1988 figures included special gains on securities sales and other non-recurring income. Growth of core earnings per share was 16 per cent. The bank's loan quality improved, with non-performing assets at $222.1m or 1.16 per cent of net loans and leases, against 1.51 per cent a year ago.

Correction
Mondadori

Yesterday's feature on Italian publishing wrongly identified Mr Raul Gardini as holding 8.2 per cent of the Amef holding company, which controls just over 50 per cent of Mondadori. The reference should have been to Mr Silvio Berlusconi, president of Fininvest, who owns 8.75 per cent of Amef.

INTERNATIONAL COMPANIES AND FINANCE

Building societies may follow Abbey's lead

David Barchard on the implications of Tuesday's vote for stock market flotation

With its members' ballot safely behind it, Abbey National now has relatively few hurdles left before it goes ahead with its stock market flotation in June.

Its chief remaining worry is the confirmation hearing by the Building Societies Commission in mid-May. Relations between Abbey National and the commission have not been entirely easy in the last few months, after repeated warnings from the commission that it has the power to cancel conversion procedures if the ballot has not been conducted impartially.

That is precisely the accusation being made by the group Abbey National Members Against Flotation, which has made its views known to the commission at regular intervals since it was set up last summer.

AMAF's lengthy list of complaints include the refusal of Sir Campbell Adamson, Abbey National's chairman, to agree to a special general meeting called by the rebels last autumn and more recent allegations that the ballot was not conducted with due impartiality.

It would be a revolutionary move, however, for the commission to overrule the results of such a large ballot, and most City analysts believe that is unlikely.

So Abbey National's next practical step will be to issue members with details of the handout of free shares and the simultaneous issue of new shares which only existing members will be able to buy — at least initially.

One anxiety for the society's board must be that the float will leave its deposit base seriously depleted. The board accepts that many savers with the society will dip into their accounts to purchase shares.

There must also be the possibility that some disaffected savers will move elsewhere. Mr Alexander Sandison, vice chairman of AMAF, says he believes that at least £1bn ($1.69bn) will be taken out of Abbey's coffers once it becomes clear that the flotation is definitely going ahead.

The society does not expect the flight of funds to affect it seriously, and its officials have long believed that the alternative to the flotation is being gradually squeezed out of the financial services markets in the 1990s. Sir Campbell has several times spoken as if he believes that Abbey National cannot expect to survive in the long run unless the conversion goes ahead.

That may sound alarmist, but behind Abbey National's entire strategy of diversifying its range of retail banking activities in the last few years lies the belief that the UK mortgage market is mature and approaching saturation.

For the building society movement as a whole, Abbey National's departure creates disturbing new perspectives. Without Abbey National, its second largest member, the industry will be severely shrunken, and its influence may be correspondingly reduced.

The Building Societies Association has for precisely that reason already discussed an arrangement to allow Abbey National to remain a sort of country member, with its statistics continuing to be included with those of the industry.

Sir Campbell Adamson: refused special meeting

More worrying is the question mark that Abbey National has raised about the future of the industry itself. For more than 150 years, the walls dividing building societies from the rest of the market have been firm and immovable. Now Abbey National has breached them, and other societies will have to think about the possible conditions which might make them follow.

Although attachment to mutual status is strong among building societies, it is virtually impossible to find a single chief executive of a large society who is ready to say that his society will never convert into a company whatever the circumstances.

Abbey National's larger rival, Halifax, investigated incorporation last year, but decided against the change, at least for the next two years.

Among other large societies, Woolwich and Britannia are declared defenders of mutuality. But several other societies are either keeping their own counsel on the issue, or have even issued guarded hints that they look on incorporation with favour.

National & Provincial, the seventh largest society, looks fairly close to announcing a decision to incorporate. One or two others in the top 10, such as Alliance & Leicester, may not be far behind.

City analysts predict that once one or two societies have followed Abbey National, there will be a haemorrhage of others from the industry until, as in Australia and South Africa, almost all the larger societies have exited into the banking market and only the tiny societies are left.

That should not be altogether depressing for the traditionalists in the industry. There are about 85 small societies in the UK, and they may continue along much the same lines they have always done.

Building societies were intended by their founders to be local institutions and the growth of the large societies into nationwide retail banks was unforeseen and to some extent a historical accident.

Societies in the middle ground (numbers six to 20) from the Leeds Permanent to the Leeds & Holbeck, must now ask themselves searching questions about the best ways to ensure their survival.

Many societies know that takeovers and even hostile takeovers of medium-sized building societies are possible, although the obstacles are even harder than for a stock market flotation. Potential purchasers and predators are already seeking out the services of merchant bank advisers in the City.

The 64 per cent turn-out among Abbey National voters is bound to suggest to many medium-sized building societies that incorporation through a merger with a bank or building society is a live option to be taken very seriously. A merger would have to be approved by members in a ballot, in which there was a turnout of at least 50 per cent with 75 per cent of voters in favour.

The Abbey National poll result shows that this seemingly stiff requirement can be exceeded easily. A merger would offer voters very much higher cash rewards than the free-share issue being offered by Abbey National.

Indeed, those who believe that a forcible takeover of a building society is possible — by a predator appealing to members over the heads of the board — will find encouragement from this week's results at Wembley.

Hafnia profits up to DKr418m

By Hilary Barnes in Copenhagen

HAFNIA INVEST, the Danish insurance and financial services group, increased operating profits from DKr318m (US$43.4m) to DKr418m last year.

Capital gains moved from a 1987 loss of DKr397m to a profit of DKr1.11bn, producing a net profit of DKr1.52bn from a loss of DKr79m in 1987.

This was the group's best year ever, said the preliminary statement. Earnings per share in the parent company were DKr194 against a loss of DKr6 in 1987, with operating profits per share rising from DKr33 to DKr48.

The board proposed increasing the dividend from 7 to 8 per cent, and profits in 1989 are expected to exceed last year's levels. Group assets increased from DKr35.76bn to DKr39.65bn and shareholders' equity from DKr4.14bn to DKr5.39bn.

Operating profits at Hafnia Insurance increased from DKr285m to DKr333m.

Hafnia's other subsidiaries, an investment bank, a merchant bank, a real estate, services and fund-raising companies, all contributed to profits.

The parent company's name is to change from Hafnia Invest to Hafnia Holding to avoid misunderstandings.

INTERNATIONAL CAPITAL MARKETS

Barclays Bank pays 12% for three-year sterling

By Norma Cohen

A BRIEF respite in the UK government gilts market opened the door for the launch of two new sterling Eurobonds, in spite of fears over the direction of currency and interest rates.

In particular, domestic investors are nervous about the UK retail price index for March, a key inflation gauge, which is set for release on Friday. Evidence of further inflationary pressures are likely to trigger renewed speculation about a rise in base rates to 14 per cent in the near future.

Still, Barclays Bank was able to issue a £125m three-year Eurobond bearing a 12 per cent coupon, the highest seen on any security of that maturity in years.

The bonds, lead managed by Barclays de Zoete Wedd, were priced at 100¾ to yield 68 basis points over the 10¼ per cent gilts due 1992.

While the bonds ultimately closed outside their 1⅝ per cent fees at less 1.50 per cent, Eurosterling traders reported demand, particularly from foreign investors earlier in the day.

The combination of Barclay's AAA-rated status and the generous spread over gilts appeared sufficient to overcome background fears over sterling.

Indeed, the securities offer an ample yield pick-up on other available Eurosterling deals of that maturity. For instance, a £100m 9 per cent Eurobond for National Westminster, maturing in 1992, was trading yesterday at 45 basis points over gilts.

INTERNATIONAL BONDS

In explaining the timing of its issue, BZW said it had detected foreign investor demand for shorter paper early yesterday, on the heels of remarks by Mr Nigel Lawson, the Chancellor, that interest rates would be raised to defend the currency if necessary.

That seemed sufficient to tempt some investors back into the market.

Proceeds were said to have been swapped into floating rate funds at 20 to 30 basis points under Libor.

European Investment Bank issued a £50m bond due 1997, fungible with £200m of outstanding similar securities.

The bonds, lead managed by Chase Investment Bank, carried a coupon of 10 per cent and are priced at 95.45 per cent to yield 37 basis points over gilts.

Dealers said that although the deal had a co-lead manager, it was not syndicated and was believed to have been placed largely with a few investors who had expressed interest in it prior to launch.

In West Germany, several new deals emerged, including a DM1bn 10-year floating-rate Eurobond for Dresdner Finance BV, guaranteed by Dresdner Bank. The bonds are priced at 100.05 and pay ⅛ over three-month Libor.

Metropolitan Estate and Property International, the Dutch subsidiary of MEPC, the UK property group, issued a DM150m 10-year Eurobond priced at 100¼ and bearing a coupon of 7 per cent.

Traders said the issue traded late yesterday well outside its 2¼ per cent fees at less 2.80 per cent, proving a difficult sell because of the lack of investor familiarity with the borrower. While the coupon offers ⅛ more than Tuesday's Council of Europe 10-year bond, that does not appear sufficient to reassure investors.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
D-MARKS						
Dresdner Finance(c)‡◆	1bn	⅛	100.05	1999	27/12bp	Dresdner Bank
Metropolitan Est.& Prop.◆	150	7	100¼	1999	2¼/1½	WestLB
Renown Look Inc.(d)◆	80	(1⅛)	100	1994	2¼/1⅛	Deutsche Bank
US DOLLARS						
Nippon Credit Finance◆	200	10¾	101.65	1993	1⅞/1⅛	Nippon Credit Int.
Yomiuri Land Co.◆	100	(4⅜)	100	1993	2¼/1⅛	Nomura Int.
Shiroki Corp.(a)◆	90	4⅞	100	1993	2¼/1⅛	Nomura Int.
CANADIAN DOLLARS						
Montreal Trustco◆	100	11⅛	101⅛	1994	1⅞/1¼	Societe Generale
STERLING						
Barclays Bank◆	125	12	100¾	1992	1⅜/1⅛	BZW
EIB(b)◆	50	10	95.45	1997	1⅝/1¼	Chase Investment Bank
AUSTRALIAN DOLLARS						
Swedish Export Credit(h)◆	50	20⅛	101¼	1990	1/⅛	Bankers Trust Int.
SWISS FRANCS						
Asahi Denka Kogyo(e)★★§	120	(½)	100	1993	n/a	SBC
Hitachi Kiden Kogyo(f)★★§	20	(1¾)	100	1994	n/a	UBS
Yamanaka Co.(g)★★§◆	50	½	100	1993	n/a	Credit Suisse

★★Private placement. ФWith equity warrants. §Convertible. ◆Final terms. ‡Floating rate notes. a) Coupon cut by ⅛%. b) Fungible with £200m bond launched in 1988. c) ⅛ over 3-month Libor. Put and call from April 1994 and annually thereafter. Call at 100, put at 98⅞. d) With 5 warrants per Dm5,000. e) Indicated put to yield 2.184%. f) No put option. g) Put yields 1.829%. h) Currency-linked A$/US$.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on April 12

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Abbey National 7½ 92	200	†92¾	92⅞	0	−0⅛	10.61
B.F.C.E. 7 92	150	91½	92	0	−0¼	10.36
B.F.C.E. 9¼ 95	150	95¾	96¼	0	−0½	10.08
Brit. Tel. Fin. 9⅜ 98	250	96	96½	−0⅛	−0¼	9.98
Canada 9 96	1000	96⅜	96⅞	0	−0⅜	9.69
Canadian Pac 10¾ 93	100	†100¾	101¼	0	−0⅛	10.49
C.C.C.E 9¼ 95	300	96¼	96¾	0	−0⅜	10.06
C.N.C.A 9¾ 93	150	97	97½	+0⅛	−0⅞	7.10
Credit Lyonnais 9 91	200	†97⅞	98⅛	0	−0¼	10.27
Credit National 8¾ 93	200	93½	94	+0⅛	−0½	10.22
Credit National 7⅞ 92	100	92⅜	92⅞	0	−0⅜	10.32
Credit National 9½ 92	160	98½	99⅛	0	−0⅜	9.89
Dai-Ichi Kan 9⅝ 92	150	97¾	98⅜	0	−0¼	10.30
Denmark 7⅛ 92	500	92	92⅝	0	−0⅜	10.40
E.E.C. 7 91	100	92⅝	93⅛	0	−0¼	10.17
E.E.C. 7¼ 93	250	90¾	91¼	0	−0¼	10.15
E.E.C. 8 90	350	†96⅝	97⅛	0	−0¼	10.64
E.I.B. 7⅝ 93	100	90⅝	91⅛	+0⅛	−0¼	10.15
E.I.B. 9¾ 97	150	96½	97	+0¼	−0⅝	9.95
Elec.De France 9 98	200	94⅛	94⅞	+0⅛	−0½	9.93
Finland 7⅞ 97	200	88⅛	88⅞	0	−0⅝	10.03
Finn.Exp.Cd. 8½ 92	200	95⅛	95⅝	−0⅛	−0½	10.40
Finn. Exp. Cd. 9⅜ 95	200	96	96½	0	−0⅝	10.16
Ford Motor Credit 8 91	250	†95⅞	96⅞	0	−0⅜	10.44
Gen.Elec.Cap.Corp. 9 93	500	95½	96⅛	−0⅛	−0⅜	10.17
Gen Elec Credit 10⅜ 00	200	99⅝	100⅛	0	+0⅛	10.26
Gen.Mtrs.Corp. 9⅛ 92	200	96⅜	96¾	0	−0⅜	10.41
Halifax BS 9½ 93	200	†96⅞	97⅜	0	−0¼	10.36
IBM Credit Corp. 8⅞ 91	250	97⅛	97⅝	+0⅛	−0⅛	10.04
IBM Credit Corp. 9½ 92	250	98⅜	99	−0⅛	−0½	10.05
Italy 9½ 95	1000	97⅛	97⅝	0	−0⅜	10.04
Italy 9⅝ 99	1000	97¼	97¾	0	−0⅜	10.03
L.T.C.B of Japan 8 91	100	94⅝	95⅛	+0⅛	0	10.54
L.T.C.B. of Japan 9¼ 92	200	96¾	97¼	+0⅛	+0⅛	10.26
Metropolis Tokyo 9½ 93	200	98	98½	0	−0¼	10.05
Nippon Tel.&Tel. 9⅜ 98	250	96⅛	96¾	+0⅛	−0⅝	9.94
Norway 8¾ 93	500	95¾	96¼	+0⅛	−0⅛	10.03
Portugal 8¾ 91	300	†95⅝	96⅛	−0⅛	−0¼	10.70
Prudential Grp. 8¾ 94	125	95	95⅜	0	−0⅛	9.96
Qantas Airways 10⅜ 95	140	100¾	101¼	−0⅛	−0⅝	10.13
Saskatchewan 10¾ 92	100	100⅝	101⅛	0	−0⅜	10.36
State Bk S Aust 9¼ 93	100	96⅜	96¾	0	−0½	10.38
Sumitomo Bank 9⅝ 92	150	97⅝	98⅛	0	−0⅜	10.34
Swed Exp Cred 7¼ 91	100	†93⅛	93⅝	+0⅛	−0¼	10.17
Sweden 7 91	250	92⅞	93⅜	0	−0¼	10.23
Sweden 8¾ 96	200	93⅞	94⅜	−0⅛	−0⅜	9.96
Sweden 8½ 92	200	†95	95½	0	−0⅝	10.21
Toyota 9½ 91	200	97⅝	98⅛	+0⅛	−0⅛	10.40
Victorian Rep 11⅝ 92	150	102⅝	103⅛	0	−0½	10.46
World Bank 7 92	300	†92⅝	93⅛	+0⅛	−0¼	10.02
World Bank 9 97	300	94⅜	94⅞	0	−0⅝	9.96
World Bank 9¼ 98	300	95⅞	96⅛	0	−0½	9.88
World Bank 9⅝ 99	500	98	98½	0	−0⅜	9.90
Yasuda Trust Fin 8½ 93	100	†93⅛	93⅞	0	−0⅝	10.42

Average price change... On day +0 on week −0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev. BK. 6 94	200	97⅝	98⅛	0	0	6.42
Austria 6¾ 99	750	99⅛	99¾	0	0	6.87
Bank of Tokyo 5¾ 93	100	96¾	97¼	0	−0⅛	6.65
Commerzbank o/s. 5⅜ 93	300	96⅜	96⅞	−0⅛	0	6.41
Credit Foncier 6¾ 99	500	99	99⅛	0	0	7.88
Degussa *Int.* 6⅛ 97	200	96	96⅜	0	+1⅛	6.70
E.I.B 5½ 98	150	91	91⅝	+0⅛	0	6.81
E.I.B. 6¼ 99	600	96⅛	96⅝	0	0	6.78
E.I.B. 6⅛ 96	300	96¾	97½	0	+0⅛	6.63
E.I.B. 6½ 99	300	97⅝	97⅞	0	0	6.82
E.I.B. 6⅞ 95	300	101	101⅝	+0⅛	+0⅛	6.62
Euro.Coal& Steel 5⅞ 97	175	94⅜	95⅛	0	−0⅛	6.75
Eurofima 6¼ 96	100	97⅞	98½	+0⅛	−0⅛	6.58
Elec De France 5¾ 97	300	93½	94⅛	0	−0⅛	6.74
Forsmark Krtg. 5¼ 93	200	94⅛	95	0	+0⅛	6.70
Hydro-Quebec 6⅛ 99	300	99	99⅛	+0⅛	0	6.87
Japan Dev. Bk. 5⅜ 95	300	93½	94⅛	+0⅛	+0⅛	6.64
Japan Finance 5⅜ 97	100	93⅛	93⅞	0	0	6.84
Ireland 6½ 97	300	97	97½	−0½	−1⅛	6.96
Malaysia 6¼ 94	150	100⅝	101⅞	0	0	6.01
Nat. West BK. PLC 6 98	300	94	94⅛	+0⅛	+0⅛	6.85
N.H.L. Finance 6¼ 95	200	†95¼	96⅛	0	+0¼	7.02
Nippon Telg.&Tel. 6 95	400	97½	98¼	0	−0⅛	6.23
Oesters. Kontbk. 5 93	300	95⅞	96⅜	+0¼	+0⅛	6.21
Portugal 5¾ 92	150	97⅛	97⅞	+0¼	+0⅛	6.60
Portugal 6⅝ 95	150	98¾	99⅜	+0⅛	+0⅛	6.79
Privatbanken 5¾ 93	150	95⅞	96⅛	+0⅛	+0⅛	6.44
Royal Insurance 5½ 92	300	97⅜	97⅞	+0⅛	−0⅛	6.40
Soc Cent Nuclear 7¼ 95	150	100⅞	101½	0	0	6.99
Turkey 6½ 95	500	96⅞	97⅝	0	+0⅛	7.07
Union Bk.Finland 5½ 94	200	94⅜	94⅞	0	0	6.85
Westlb. Finance 5 93	200	†94⅜	95⅛	−0½	−0⅛	6.45
World BK. 6¼ 97	600	97¼	97⅞	+0⅛	−0⅛	6.83

Average price change... On day +0 on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
African Dev.Bk. 5 96	150	†94½	95½	+0½	−0¼	5.86
Asfinag 5 03	100	†92¾	93	−0⅜	−1⅛	5.74
B.F.C.E. 4½ 98	200	†90¼	91¼	−0¼	−1⅛	5.82
B.M.W.Fin.Neth. 5 13	150	†85	86	−1⅜	−2⅝	6.17
Britannia B/S. 4¼ 94	100	†92	92¾	−0¼	−1	6.07
CIR. Int. W/W 3 93	125	†92¼	93	+0¾	−0⅞	4.88
Credit Lyonnais 4¾ 00	100	†89¼	89½	−0½	−1⅜	6.09
E.I.B 4⅝ 98	150	†90¼	92	−0⅜	−1½	5.90
Fletcher Chall. 4⅞ 98	150	†87	87¼	−1	−3	6.84
Kobe City 4⅝ 98	150	†91¼	91¾	−0¼	−2	5.84
Leeds Perm. B/S. 4⅛ 93	200	†91½	91¾	−0¼	−1	6.57
Malaysia 5¼ 98	100	†93½	93¾	−0⅞	−0⅞	6.17
Maxwell Comm.Crp. 5 95	150	†94	95	+0½	−1¼	6.09
Nat. Bk. Hungary 5½ 94	75	†97	97½	−0¼	−0¼	6.08
Nationwide Ang.B/S. 4 93	200	†92	92½	−0½	−0½	6.15
Nippon Telg.&Tel.4¼ 95	200	*†94¼	94¾	0	−0⅜	5.25
Oesters.Ktbk. 5 03	75	†92	93½	−0¼	−1⅜	5.75
Prov. Newfoundland 5 03	150	†94	95	0	−1¼	5.55
Thailand 4⅝ 95	200	†93	93½	0	−0½	5.94
World Bank 5 03	150	†94¼	95	−0⅛	−1¼	5.52

Average price change... On day −0¼ on week −1¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Canada 6⅛ 91	80	101⅛	102	0	0	5.03
Canada 5⅝ 93	80	102	102¼	0	0	5.05
Eurofima 5 1995	20	99	99⅛	+0⅛	0	5.15
E.I.B. 4⅞ 93	30	98⅜	99¼	0	−0¼	5.16
Ireland 5⅛ 93	30	99⅜	100¼	0	−0¼	5.12
Norway 5⅛ 95	50	99⅜	100⅛	0	−0¼	5.12
Sweden 4⅝ 92	50	98	98⅛	0	−0⅛	5.14
World Bank 5⅛ 98	10	99⅜	99¾	−0⅛	−0⅜	5.20
World Bank 7 94	20	108	108½	+0⅛	0	5.10

Average price change... On day +0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Abbey Nat.BS.10¼ 93 £	50	95⅝	95⅞	−0¼	−1⅞	11.71
Abbey Nat. 11⅛ 95 £	100	98⅛	98⅝	−0¼	−0⅞	12.00
Alg. Bk. Ned. 5½ 92 FL	150	95⅛	95⅞	0	0	7.30
Alg. Bk. Ned. 5¾ 93 FL	200	96⅜	97⅛	0	−0⅜	6.64
Austria 7½ 94 ECU	100	95⅜	95⅞	0	−0⅞	8.68
Bk.Nova Scot.14⅜ 90 A$	75	95⅜	96⅜	0	+0⅛	17.12
Barclays Aus.13½ 91 A$	100	95⅛	95⅝	−0⅛	−0⅛	15.75
BP Capital 9¾ 95 £	100	93⅛	93⅝	−0⅛	−0⅛	11.93
British Airways 10 98 £	100	91⅛	91⅞	−0⅛	−0⅛	11.55
Buhrmann-Tet. 6⅞ 93 FL	100	96⅞	97⅝	0	+0¼	7.17
Comm.Bk.Aust. 12⅞ 93A$	100	91⅞	92⅜	0	−0¼	14.29
Coop.Ctr.Rabo.6¼ 93 FL	100	94¾	99⅞	0	+0½	6.51
Coop.Ctr.Rabo.6 92 FL	200	97⅝	98⅛	+0⅛	+0⅛	6.74
Dixons 11 95 £	90	†96	96½	0	−1	11.75
Deut.Bk.Aus. 13⅞ 93 A$	125	97⅛	97⅞	0	+1	14.08
Eastman Kodak 13 90 A$	100	†94⅛	95⅛	−0½	−0⅞	17.19
E.I.B. 7 96 LFr	100	†97⅛	98⅛	+0⅛	0	7.43
Elec.France 10⅛ 95 C$	125	†96	96½	0	−0⅛	11.11
Euratom 7⅜ 97 ECU	145	91⅛	91⅞	0	−0⅛	8.90
Fed.Bus.Dv.Bk.9⅞ 92 C$	75	†95⅛	95⅞	0	−0⅛	11.56
Fed.Bus.Dev.Bk.10⅞ 93	50	96⅞	97⅛	0	0	11.48
Ford Cr.Can.10⅞ 93 C$	100	†97⅛	97⅝	0	−0¼	11.57
Ford Cred.Can.10⅞ 96C$	125	97⅜	97⅞	0	−0⅛	11.38
Ford Mtr.Cred.7⅞ 91ECU	100	†96	96½	0	−0⅛	9.15
G.M.A.C. 9⅞ 93 C$	150	†93⅞	94⅛	0	−0⅞	11.67
Honda Int. 7⅞ 93 Ecu	100	†96⅛	97	0	+0¼	8.74
Hydro-Quebec 11 99 C$	400	98⅛	98⅞	0	0	11.22
Lloyds Bank 10⅞ 98 £	150	91⅞	92⅜	−0⅛	−1⅛	11.71
Lloyds Bank 11⅜ 98 £	100	96⅛	96⅝	0	−1⅝	12.00
Montreal Tst.10⅞ 93 C$	100	†96⅛	96⅝	0	0	11.81
Morgan Guar.Tst. 11 91 C$	150	98⅞	99⅛	+0⅛	0	11.67
Nat. Aus. Bk. 14⅛ 94A$	100	97⅛	98⅛	0	−0⅞	15.32
Ned.Midd.Bank 6 92 FL	150	96⅜	96⅞	+0⅛	0	7.35
New Zealand 9⅞ 93 £	100	92⅛	92⅝	−0⅛	−0⅛	11.93
New Zealand 7⅛ 93 ECU	200	96⅛	97⅛	0	−0⅞	8.72
Philips Gleoil. 6 93 FL	300	97⅛	97⅞	0	+0⅛	6.74
Privatbanken 7½ 94 LFr	500	†98⅛	99⅛	+0½	0	7.81
Royal Bk.Scot.10⅝ 98 £	125	94⅛	94½	−0⅛	−1⅛	11.74
Saskatchewan 9⅞ 91 C$	150	†96	96½	0	−0⅛	11.79
Saskatchewan 10⅛ 93 C$	200	96⅛	96⅝	+0⅛	+0⅞	11.27
State Bk.NSW. 13⅞ 93A$	100	94⅜	94⅞	−0⅛	−0⅛	15.55
Sweden 15 94 A$	100	101⅛	101⅝	−0⅛	−0⅛	14.53
Union Bk. Switz. 7⅞ 93	150	†96	97	0	0	8.42
World Bank 5⅝ 92 FL	100	97⅛	98	0	+0⅛	6.61
World Bank 13⅜ 92 A$	100	†99⅛	99⅞	0	+1	13.50
Zentrspk. 13⅞ 93 A$	75	95⅛	96	−0⅛	−0⅞	14.54

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bld 94 £	.08	99.74	99.79	18/04	13.21
Belgium 91 US	0	100.04	100.14	19/08	10
Chase Manhattan Crp.91 US	0⅛	99.35	99.60	20/08	9.94
Chelt.& Gloucester 94	.063	99.76	99.81	30/05	13.47
Citicorp 98 US	0⅛	98.30	98.55	29/05	10.33
Credit Foncier 98 US	.063	99.92	100.02	20/04	8.44
EEC 3 92 DM	0	100.81	100.91	20/06	6.72
Halifax BS 94 £	.1	99.92	99.97	6/05	13.07
Invt. In Industry 94 £	0⅛	99.96	100.06	24/05	13⅛
Leeds Perm. B/S. 94 £	0⅛	100.04	100.09	13/04	13.37
Midland Bank 01 £	.1	97.91	98.29	7/05	13.1
Milk Mkt.Brd. 5 93 £	0⅛	99.90	99.95	30/12	12.06
New Zealand 5 97 £	.07	100.00	100.10	14/11	12.19
State Bk. Nsw. 98 US	.188	100.22	100.32	11/08	9.94
Woolwich Equit.BS. 93 £	0⅛	99.96	100.01	13/04	13.37
Woolwich 5 95 £	0⅛	99.88	99.93	19/05	13.12

Average price change... On day 0.00 on week −0.02

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	10/87	62	111	112	+0⅞	12.41
Amer. Brands 7⅛ 02 US	9/87	56.7	119⅛	120⅛	0	2.00
Ashikaga Bank 2⅞ 02 US	4/87	967.	135⅛	136⅛	−0⅛	3.27
Asics 5 92 DM	12/83	472.7	240⅞	242⅛	+1⅛	9.98
CBS. Inc. 5 02 US	4/87	200.	96⅛	97⅛	+1	5.85
Comm. Credit 5⅛ 02 US	4/87	66.75	64⅞	65⅞	0	186.21
Eng.China Clay 6½ 03 £	9/88	4.8	106⅞	107⅞	−0⅛	1.46
Fujitsu 3 99 US	5/84	1106.	225	226⅛	+1⅛	8.69
Land Secs. 6¾ 02 £	1/88	6.72	93⅛	94⅛	−0⅛	13.97
MCA Inc 5½ 02 US	9/87	69.62	94	95	+0⅛	16.19
Minolta Camera 2¼ 94DM	2/86	1004.	116⅛	118	−1⅛	4.51
Mitsubishi Bk. 1¾ 02 US	9/87	3157.	120	121⅛	−0⅛	8.36
Mitsui Trust 2⅞ 01 US	10/86	1903.	131⅛	132⅛	−0⅛	5.76
Next Plc 5⅜ 03 £	11/87	4.3	98⅞	99⅞	+0⅛	193.96
Nikki Hkpp.Bk. 2⅞ 03 US	4/88	804.	117⅛	118⅛	−0⅛	4.59
Omron Tateisi 2⅞ 02 US	4/87	1310.	236⅛	237⅛	+1⅛	4.97
Ranks Hovis 4⅞ 03 £	1/88	3.5	111⅛	112⅛	−0⅛	4.77
Redland 7⅛ 02 £	1/87	5.4	100⅞	101⅞	−0⅛	3.76
Saatchi&Saatchi 6⅛ 03 £	10/89	4.41	93⅛	94⅛	+0⅛	41.86
Sumitomo Bank 3⅛ 04 US	2/89	4296.	89⅛	90⅛	−1⅛	15.12
Texas Inst. 2⅞ 02 US	9/87	82.87	73	74	+0⅛	53.24
W.R. Grace 6⅛ 02 US	9/87	42.12	92⅛	93⅛	+0⅛	22.93

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Swiss crack down on hidden bank reserves

By William Dullforce in Geneva

SWITZERLAND'S Federal Banking Commission plans to draw up stricter directives on the use of hidden reserves by Swiss banks to conceal or minimise losses.

The Commission's decision follows its own analysis of the 1987 accounts of 479 banks and disclosures earlier this year that the big three Swiss banks had suffered losses on their London operations in 1987 which were not reflected in their annual reports.

Mr Kurt Hauri, the Commission's director, said that of 65 Swiss banks which actually ran a loss on their 1987 accounts, 46 had publicly reported a profit. Only 86 of the 330 banks whose earnings had been lower in 1987 than in the previous year had posted reduced profits.

The banks had not infringed the Commission's rules but the general trend demonstrated that new guidelines had to be drawn up to ensure that published accounts were truthful, Mr Hauri said.

Swiss law allows banks to build up and dissolve hidden reserves with no obligation to reflect changes to the reserves in their published accounts. Nor, so far, have they had to publish consolidated accounts.

Crédit Suisse gave a spectacular demonstration of the strength of the banks' hidden reserves when, in 1977, it absorbed a huge loss, put at SFr1.7bn ($1.02bn), at its Chiasso branch with almost no wavering in its reported earnings.

The practice of allowing Swiss banks large scope to create hidden reserves was aimed at letting them smooth out variations in performance from year to year. It had been encouraged by the Commission.

Nowadays, confidence in a bank tends to diminish if it tries to conceal negative developments or embellish the situation in an implausible way.

The Commission is setting up a working group, which will include bankers, to recommend new guidelines for hidden reserves.

Supervision call for NZ regulators

A GOVERNMENT inquiry into the troubled New Zealand stock market has recommended that a supervisory authority be set up to oversee regulatory bodies for all public securities markets, Reuter reports.

Mr Geoffrey Palmer, Justice Minister, said on Tuesday in a statement accompanying the inquiry's report: "It has put a very strong case for self-regulation with statutory enforcement." He added: "It does not recommend government regulation of the market-place, but a supervisory structure to ensure that self-regulatory agencies are fulfilling their roles."

The inquiry's committee, chaired by Mr Spencer Russell, former Reserve Bank governor, said the supervisory authority should absorb the present Securities Commission. It would approve operating rules of self-regulating organisations such as the New Zealand Stock Exchange.

New Zealand's stock market was one of the worst hit by the October 1987 crash and slowest to recover. The Barclays share index is still 45 per cent below its levels immediately prior to the crash.

The report was commissioned last October.

It said the market's weaknesses stemmed from lack of size in the local economy, too few investors, lack of representation of leading industries and a widely shared perception that the stock market was undisciplined.

"The committee considers the very high level of public listed company failures and the deterioration in the financial position of several of New Zealand's largest companies have caused a substantial erosion in public confidence."

It recommended that at least 40 per cent of the exchange's board directors be appointed by the supervisory authority, which would be jointly funded by the Government and market participants.

Stock exchange listing requirements approved by the supervisory authority should be given the force of law, and a new compliance committee should be created to enforce the requirements.

Other recommendations included setting guidelines for market ethics and creating an accounting standards board to oversee accounting standards and give them statutory backing. Mandatory trust accounts for client funds held by brokers and tighter prudential supervision of brokers should also be introduced.

INTERNATIONAL CAPITAL MARKETS

US bonds stay subdued as trade data doubts grow

By Janet Bush in New York and Katharine Campbell in London

THE long wait for Friday's producer prices and trade figures continued yesterday with US Treasury bonds trading quietly and in a narrow range for the third consecutive day.

Prices tended lower in the morning, taking long-dated maturities as much as ¼ point down from Tuesday's closing levels.

GOVERNMENT BONDS

The yield on the Treasury's benchmark long bond rose to 9.12 per cent.

The main focus of the market was the seven-year note auction during the afternoon session.

In when-issued trading, the notes were yielding 9.36 per cent, up two basis points from Tuesday.

There was some caution ahead of the sale, with dealers concerned that there would be little interest in such a lacklustre market so close to this week's important economic releases, due today and tomorrow.

Forecasts started emerging of the data yesterday, which influenced trading somewhat. The consensus on the trade figures is for a deficit of $10.4bn, compared with $9.5bn in January, as economists believe there was a substantial increase in imports in February.

The producer prices index is expected to have risen by 0.5 per cent in March after monthly increases of 1 per cent in January and February. The PPI gain has been boosted by higher energy prices.

Economists at Griggs & Santow suggested that the release of West German wholesale prices figures yesterday, which showed a substantial increase of 0.6 per cent, may have depressed US bond prices. "This may be seen as a reminder that our PPI is due on Friday and that, with the recent rise in oil prices, the number may still be a bad one," they said.

THE CONTENTS of the economic statement made yesterday by Mr Paul Keating, Australia's Treasurer, had been sufficiently well leaked to ensure there were no big surprises. However, the bond market weakened five or six basis points during the speech, mostly in response to slightly more substantial tax giveaways than had been anticipated.

Parts of Mr Keating's statement may have been music to the ears of Mr Nigel Lawson, the UK Chancellor — notably the passage about tax cuts being a non-inflationary way of raising income — but they are not calculated to charm financial markets. Monetary policy is likely to remain steady or even tighter over coming months and, consequently, long bonds look less than attractive.

In London afternoon trading prices continued to weaken slightly, with the benchmark Commonwealth 12 per cent bond due July 1999 yielding 12.80 per cent.

SPECULATION that Mr Gerhard Stoltenberg, West Germany's Finance Minister, may be replaced by Mr Theo Waigel, a member of the Christian Social Union party, whose main priorities are thought to include the removal of withholding tax on German bonds, came too late in the day to move the market much.

However, Liffe traders reported a five to 10 pfennig rise in the 10-year government bond future, which closed at 93.34, still 7 basis points down on the previous settlement.

The repurchase allocation earlier in the day was, at DM14bn, more generous than had been expected and the rates, between 5.80 and 6.20 per cent, were on the positive side.

While this produced a moderately favourable response, a large increase in wholesale prices for the quarter to February depressed the market, at least in London.

The spread between cash and futures prices has narrowed from 75 basis points to about 20 basis points, so that arbitrageurs have been unwinding outstanding positions, buying futures and selling cash.

UK gilt-edged securities traded with a downward bias for most of the day, reflecting negative sentiment about sterling as well as nervousness about the import of economic data to be released today and tomorrow. The advent of two new Eurosterling deals, while the recent Republic of Italy issue still weighs over the market, meant that supply concerns also depressed prices.

Traders noted that there was still quite significant switching from gilts into German government bonds, mainly on behalf of non-UK investors jittery about sterling's medium-term prospects.

The long gilt future on Liffe closed at 94.30, $\frac{5}{32}$ weaker on the day.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	106-13	-9/32	11.20	10.92	10.59
		9.750	1/98	96-06	-14/32	10.42	10.20	9.98
		9.000	10/08	96-18	-7/32	9.39	9.31	9.08
US TREASURY *		8.875	2/99	97-10	-4/32	9.34	9.19	9.36
		8.875	2/19	97-15	-6/32	9.15	9.05	9.15
JAPAN	No 111	4.600	6/98	96.2984	-0.029	5.20	5.20	5.24
	No 2	5.700	3/07	108.2191	-0.101	5.04	5.01	5.03
GERMANY		6.375	11/98	96.0250	-0.125	6.95	6.90	7.01
FRANCE	BTAN	8.000	1/94	98.1083	-0.017	9.02	8.98	9.32
	OAT	8.125	5/99	94.6100	-0.070	8.95	8.93	9.14
CANADA *		10.250	12/98	98.6250	-0.125	10.48	10.37	10.54
NETHERLANDS		6.7500	10/98	97.5750	+0.050	7.10	7.05	7.23
AUSTRALIA		12.000	7/99	90.3104	-0.049	13.77	13.83	13.85

London closing, *denotes New York morning session
Yields: Local market standard   Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

European stock exchanges close ranks

Haig Simonian on the bourses' efforts to present a more unified front ahead of 1992

Almost 15 years after starting to work together informally, the European Community's stock exchanges are belatedly trying to present a more unified front towards the European Commission in Brussels ahead of a string of new legislation which could seriously affect the way many conduct their business.

According to Mr Rüdiger von Rosen, chairman of the European Capital Market Group (ECMG) and executive vice chairman of the Federation of German Stock Exchanges, the decision last year to revive the ECMG and to shift its focus away from purely technical issues back to its roots in everyday business stemmed from the approach of the free internal market after 1992 and a general feeling that EC stock markets needed to develop closer political links with the Commission.

The ECMG is a sub-group of the EC Stock Exchange Committee. The topics now on its agenda certainly cover a daunting variety of issues including indirect taxes, takeover bids and insider trading.

But after a meeting last month with Sir Leon Brittan, the European Commissioner responsible for stock exchange business, the bourses — represented by Mr Ettore Fumagalli, president of the EC Stock Exchange Committee, Mr Jeffrey Knight, chairman of its working group and chief executive of the London Stock Exchange, and Mr von Rosen — may be making some progress.

With widely differing regulations and trading practices between the 12 member states, the ECMG has decided to start small. Late last year it produced a joint report calling for the abolition of all indirect taxes on stock exchange trading throughout the EC.

"It was the first time the committee stood together to call on their national governments to abolish all stock exchange trading and turnover taxes as part of a general tax harmonisation," says Mr von Rosen.

The subject is of particular interest to German bourses, which complain of losing business to London as a result of their country's stock exchange turnover tax. The tax, which raised DM585m ($311m) in 1988, looks set to stay, in spite of an election pledge by the Bonn Government to abolish it and a recent pledge by the state government of Hesse, home of Frankfurt — Germany's financial centre — to press for its removal.

Mr von Rosen says the aim is now to develop the ECMG, which includes representatives from stock exchanges in all member states, as the single interlocutor with the Commission for European bourses.

However, many of the other topics it will have to tackle will involve more difficult decisions than just calling for the abolition of turnover taxes and stamp duties, hardly an issue likely to split the markets.

Harmonising all the other taxes affecting securities trading — notably capital gains tax — is an example of the difficulties facing it. Luxembourg, for example, has no capital gains tax, while its Government has consistently opposed the introduction of a withholding tax, which it says is unnecessary.

Ettore Fumagalli: bourses making progress

Understandably, it is difficult for the Luxembourg bourse to go along with its counterparts' calls for harmonisation.

Mr von Rosen admits the issue of capital taxes is controversial and he agrees it is not a theme which the group is ready to decide on as yet. However, he believes the ECMG will have to get to grips with the issue in time and could eventually come to play a significant role in collaboration with the Commission.

Some other themes have proved more promising.

The ECMG is preparing a joint paper on takeover bids in response to the draft proposal submitted by the Commission last December. The plan is to discuss issues between the bourses in parallel to the talks taking place within the Commission, and then to raise these matters jointly with the Commission once an inter-bourse position has been reached, possibly by the time of the European stock exchanges' general assembly in mid-May.

Relations between the bourses and the Commission have changed for the better since December, when the Commission made clear it had no intention of developing into a European version of the US Securities and Exchange Commission.

European bourses have taken comfort from the Brussels view that market supervision is either a matter for domestic regulators or for the bourses themselves, with the Commission's brief being limited to encouraging a level playing field between national capital markets.

The steps that have been taken on insider trading in EC countries illustrate the general drift towards common standards, even before the ECMG's revival in mid-1987.

In the past two years, a string of member states have replaced old voluntary anti-insider guidelines with legally-binding rules. That has increasingly put the spotlight on West Germany, which is now the only large member state which does not have a legally-binding insider trading law.

The Germans have stuck to their guns, although the signs are that they will soon introduce a legally-based system, in line with every other EC state except Luxembourg.

Agreeing a draft guideline on EC-wide insider trading laws is thought to be of particular interest to the Spanish Government, which is president of the Council of Ministers until the end of June.

German approval is likely to come as soon as an accord is reached on defining a secondary insider. According to one observer, that suggests that insider trading could be outlawed in Germany by the end of the year.

The Germans may eventually come to appreciate a legally-based system. Experience has already shown that some agreements, such as that on EC-wide joint listing and prospectus requirements for new issues, can be particularly beneficial to a country like Germany, where there is a strong federal system and numerous bourses.

With eight domestic stock exchanges in Germany, the new EC rules on mutual recognition of listing procedures, which look set to be passed into German law before this summer — sooner than in other member states — will make life appreciably easier for EC companies wanting to list their paper on all the country's markets.

Rather than having to go through eight separate listing procedures, from Hamburg to Munich, once the appropriate law is passed a company would only have to handle one set of paperwork to list its shares nationwide.

When similar laws go through in other member states, that simplification will apply Community-wide.

Liffe to launch three-month Ecu contract

By Katharine Campbell

THE London International Financial Futures Exchange (Liffe) plans to launch a short-term interest rate future denominated in Ecu, possibly in the third quarter of this year, according to Mr David Burton, Liffe chairman, who was addressing an International Financing Review conference on the single European market.

To date, US exchanges have experimented, not very successfully, with Ecu currency contracts, but no three-month interest rate future exists. When Liffe undertook a market survey last December to gauge demand for the product, the London exchange discovered greater demand for a EuroD-Mark future, which it is launching next week.

But in spite of the underdeveloped state of the Ecu cash market, there continues to be considerable interest in the basket currency, particularly since the UK Government began issuing Ecu-denominated Treasury bills regularly.

The Bank of England is known to be keen that Liffe introduce such a futures contract.

Current lack of liquidity in the cash market might be overcome by a novel market-maker system on Liffe, Mr Burton suggested, whereby half a dozen traders would be committed to making regular two-way prices on the exchange floor — a practice commonplace in options products but untested in the futures arena.

While Mr Burton devoted much of his speech to underlining the desirability of co-operation between European derivatives exchanges, competitive issues also emerged.

The Matif's outline agreement to join Globex — the electronic trading system being developed jointly by the Chicago Mercantile Exchange and Reuters — is likely to include an arrangement giving the French exchange sole rights to trade Ecu as well as French franc products within the new system, Mr Burton said.

Kredietbank prices issue

AN international share offering of 1m shares for Kredietbank, the Belgian bank, was priced yesterday at BFr4,375 ($110) a share, writes Stephen Fidler.

Morgan Stanley International, head of the international equity syndicate, said the underwriters were granted an overallotment option for a further 100,000 shares. The shares closed on Tuesday on the Brussels stock exchange at BFr4,700. They will be entitled to dividends for the financial year beginning April 1.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Index No. (Wednesday April 12 1989)
1	CAPITAL GOODS (207)	920.76
2	Building Materials (29)	1175.84
3	Contracting, Construction (36)	1673.80
4	Electricals (10)	2682.39
5	Electronics (30)	2078.29
6	Mechanical Engineering (54)	496.91
8	Metals and Metal Forming (7)	530.42
9	Motors (17)	303.76
10	Other Industrial Materials (22)	1511.43
21	CONSUMER GROUP (186)	1156.58
22	Brewers and Distillers (22)	1247.14
25	Food Manufacturing (20)	1066.44
26	Food Retailing (15)	2806.71
27	Health and Household (14)	2259.51
29	Leisure (33)	1597.75
31	Packaging & Paper (16)	562.88
32	Publishing & Printing (18)	3550.90
34	Stores (33)	739.57
35	Textiles (15)	596.93
40	OTHER GROUPS (94)	1047.84
41	Agencies (18)	1279.52
42	Chemicals (22)	1183.89
43	Conglomerates (11)	1475.89
45	Transport (13)	2338.67
47	Telephone Networks (2)	1097.89
48	Miscellaneous (28)	1443.78
49	INDUSTRIAL GROUP (487)	1085.18
51	Oil & Gas (13)	1931.85
59	500 SHARE INDEX (500)	1157.20
61	FINANCIAL GROUP (123)	[illegible]
62	Banks (8)	707.34
65	Insurance (Life) (8)	1036.96
66	Insurance (Composite) (7)	558.45
67	Insurance (Brokers) (7)	924.42
68	Merchant Banks (11)	326.51
69	Property (52)	1255.02
70	Other Financial (30)	341.27
71	Investment Trusts (73)	1082.52
81	Mining Finance (2)	656.84
91	Overseas Traders (8)	1161.47
99	ALL-SHARE INDEX (706)	1051.87
	FT-SE 100 SHARE INDEX	2033.6

FIXED INTEREST

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	15	71	23
Corporations, Dominion and Foreign Bonds	0	10	34
Industrials	489	287	801
Financial and Properties	203	78	377
Oils	30	18	49
Plantations	2	0	10
Mines	69	19	95
Others	115	24	103
Totals	923	507	1,492

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

TRADITIONAL OPTIONS

- First Dealings Apr 10
- Last Dealings Apr 21
- Last Declarations Jul 13
- For settlement Jul 24

For rate indications see end of London Share Service

Calls in Ward Hldgs, Horton Energy, Feedex, Tusker Res, EFM Dragon Tst, Atlantic Res, Medeva, Fletcher King, Oliver Res, Bula Res, Ibstock, Dixons, Vantage, Cons Tern, Eagle Trst.

LONDON TRADED OPTIONS

THE NEW financial year continued to bring substantial business to the London Traded Options Market yesterday, though it was perhaps a stronger factor that it was April Expiry day in individual stocks. Overall market business came to 56,236 contracts, made up of 40,783 calls and 15,453 puts.

It was stocks that showed little net movement on the underlying market, however, which led the way in traded options dealings. British Steel was the most heavily traded, accounting for 4,521 contracts, consisting of 4,311 calls and no more than 210 puts. The options dealings in Steel covered over 4½m shares, compared with the 12m handled on the underlying market.

The April expiry roll-over in Steel was not quickly reflected in the day's statistics. An early count, struck on the close of dealings, showed Steel as having an opening of interest in the April 80 calls of 227 contracts to 2,327. There was also opening of position of 971 to 5,681 in the July 80 calls. The first of these series attracted 1,547 contracts and the second 1,882.

Trading in the FT-SE 100 Index continued to run under the spell of the clutch of inflation news coming out at the end of the week from the UK and the US, along with the monthly US overseas trade deficit figures.

Dealings in the index options were modest by any recent standard, showing a sharp fall from the relatively high level seen on Tuesday. Overall business index business came to no more than 4,929 contracts, comprising 2,652 calls and 2,277 puts. The index itself gained 1.7 points on the day to 2,035, helped by a mild upward drag from the London International Futures contract in it, which showed a modest premium over fair value.

TSB again caught the eye, on 2,521 contracts, of which only 112 were calls and 2,409 puts. The most heavily traded series was the April 110 put, which found 1,757 contracts, including a closing of interest of 1,450 contracts to 1,113.

UK COMPANY NEWS

No evidence of consumers trading down to cheaper products

Tesco pleases City with £276m

By Maggie Urry

TESCO, the food retail group, is suffering no ill-effects from the squeeze on consumer spending, Sir Ian MacLaurin, chairman, said yesterday.

He announced that pre-tax profits in the year to February 25 had risen over 22 per cent to £276m, at the top end of analysts' expectations. The shares rose 5p to close at 158p.

Sir Ian, and Mr David Malpas, managing director, admitted some surprise that consumers had not traded down to cheaper products, but said that spending on food had become a smaller proportion of most people's budgets and the last area people were prepared to cut back. Mr Malpas said that even in economically depressed areas Tesco operated successfully.

Sir Ian said: "turnover in the first few weeks of the current year continues to be very satisfactory." He was "extremely pleased" with last year's figures. Sales, after a dull summer, had picked up around Christmas and continued well. Currently sales in like-for-like stores were running 6 per cent up, against 5 per cent in the last financial year, with inflation for the group's products at about 4 per cent.

Overall turnover, excluding VAT, rose by 14.5 per cent to £4.72bn, and operating margins were up from 5.2 per cent to 5.9 per cent. Sir Ian said the increase in margins was due to the performance of "conforming" superstores – the large modern stores offering the up-to-date Tesco "package". Tesco has 126 of these out of a total of 372 stores.

These stores were showing sales gains of 10 per cent and achieve an operating margin of around 8 per cent. About half of group sales are made through the conforming stores, and this percentage would rise as new stores open.

Capital expenditure during the year totalled £485m, of which £330m related to new stores; 16 stores were opened during the year with 22 tions.

Sir Ian MacLaurin: pushing hard on 'green' products.

Sir Ian said the group was improving pay deals to staff, particularly for young staff in the anticipation of labour shortages. However, Mr David Reid, finance director, said that productivity gains would mean that staff costs would not rise significantly as a percentage of sales.

The pre-tax profit figure included property sales profits of £10.7m (£6.6m) and is after net interest receivable of £2.4m (£15.3m). The group had decided to provide for extra interest which might become payable on its convertible bond issue which cost £5.8m (£5m). Employee profit sharing took £13.6m (£10.7m).

After a tax charge of 32.5 per cent (33.3 per cent), earnings per share on a fully diluted basis, and excluding property profits, were 11.33p, up 17.2 per cent. The final dividend is raised to 2.325p, giving a total for the year of 3.5p, up 22.8 per cent.

planned in the current year. Even so net borrowings fell by £51m to £216m.

The group is pushing hard on "green" products which Mr Malpas said had captured the public imagination, "people want it and we are going to provide it" he said. Unleaded petrol now made up 20 per cent of sales in Tesco's petrol sta-

See Lex

Pearl up 40% in spite of relocation costs

By Eric Short

PEARL GROUP paid out £7.5m in 1988 to meet costs so far incurred in its relocation to Peterborough. And relocation costs this year could be at least twice as much as the redundancy programmes get under way.

Nevertheless, the group reported a near 40 per cent rise in after-tax profits for 1988 from £31m to £42.9m, thanks to continued good life profits and a strong recovery in its general insurance business. Earnings per share rose from 17.2p to 23.8p.

The recommended final dividend is raised to 9p making 15p for the year – an increase of 20 per cent.

On its mainstream life and pensions business, where profits continued their upward growth with a 13 per cent increase to £49.2m, Pearl participated fully in last year's pension sales boom, writing three times the amount of business written in the previous year.

Indeed the group captured 10 per cent of the new personal pension market, having issued 120,000 proposals in the nine months since these contracts first became available on July 1 1988.

This offset a decline in unit-linked sales, with investor confidence hit by the 1987 stock market crash, and a fall in industrial life business following the introduction of the stringent requirements of the financial services regulations.

Pearl's non-life business showed a strong recovery last year, thanks mainly to favourable weather. Profits rose from a virtual break-even position in 1987 to £14.7m last year.

Mr Einion Holland, chairman, reported that FIA now has a 13 per cent holding in the group.

He also indicated that the group was looking at expanding its marketing and distribution channels beyond its traditional field force into direct marketing, media advertising and through independent financial advisers, starting with the promoting of its unit trusts. A new investment product is being launched shortly.

● COMMENT

Pearl's results were somewhat better than expected by the market, thanks to a very strong recovery in its, mainly domestic, general insurance business. The group's actuary is still maintaining the traditionally cautious approach to unlocking surplus from the life funds and life profits were below expectations. Continued growth from life profits can be expected this year with 1988's pensions business starting to produce profits. The general insurance operations should maintain profits unless Autumn weather in the UK becomes extremely adverse. The share price fall of 1p to 415p, leading to a yield of of 4.2 per cent on a prospective dividend of 17.5p, sums up the market reaction and assessment of Pearl's prospects.

Hillsdown seeks guidance

By Nikki Tait

KLEINWORT BENSON, advisers to Hillsdown Holdings, yesterday confirmed that they had asked the Takeover Panel for guidance on whether the food, furniture and property group is bound by the normal three-week deadline following Monopolies and Mergers Commission investigations, should it wish to bid for Pittard Garnar, the leather company. The Panel has yet to respond.

The situation is unusual in that Hillsdown never made a bid for Pittard, but asked the MMC to conduct an investigation into any potential increase in its 16.5 per cent holding.

The request was made in the light of the referral of a £41m bid for Pittard from Strong & Fisher. Both inquiries resulted in clearance from the MMC.

DTI looks into shares of three companies

By Ray Bashford

THE Department of Trade and Industry is investigating trading in the shares of Mersey Docks and Harbour Company, Metal Closures and Winchmore, Mr Francis Maude, the Minister for Corporate Affairs announced yesterday.

The inquiry is being carried out by Mr David Evan and Mr Brian Worth who last July were appointed to investigate Francis Industries, F.H. Lloyd and James Neill Holdings which have been linked with Mr David Abell, the chairman of Suter, the industrial holding company.

Mr Abell is deputy chairman of Mersey Docks, Suter is a 23 per cent shareholder in Metal Closures, the packaging and printing company and Mr Abell has owned shares in Winchmore, the engineering group.

The investigation announced yesterday is being carried on under Section 442 of the Companies Act and will focus on determining whether there have been breaches of Section 204 of the Companies Act relating to concert party arrangements.

The same sections of the Companies Act are being used in the investigation announced last July into Francis Industries, F.H. Lloyd and James Neill.

Mersey Docks revealed earlier this week that DTI inspectors had appointed inspectors to probe dealing in the company's shares.

These inquiries are being carried out under a section of the Companies Act relating to insider trading. The company's shares rose dramatically in 1987 in the six week run-up to the July announcement of a major property development in Liverpool.

The DTI yesterday followed usual practice and refused to comment on the statement or confirm the Mersey Docks statement on the insider trading investigation.

Verbal dual at Audio Fidelity

By John Thornhill

THE extraordinary general meeting yesterday held by Audio Fidelity, the consumer products company, was certainly out of the ordinary.

The meeting was called to discuss a proposed seven-for-eight rights issue, but almost immediately it deteriorated into verbal combat between Mr Steven Goldberg, the forceful former managing director of Audio, and Mr Iain Burton, the bewildered-looking present chairman and former creator of the Hot Gossip dance group.

The two businessmen took over Audio in 1987 but have since spectacularly fallen out with each other, resulting in January in Mr Goldberg's removal from the board.

Mr Goldberg, who still has an 18 per cent stake in Audio, seized the opportunity to ask 11 questions of the board, much to the apparent irritation of Mr Burton.

The questions related to Mr Burton's handling of Samleco Telecommunications, a loss-making subsidiary, and Captain Billys Music, Audio's record company. Mr Goldberg also asked the board about accounting irregularities that became public earlier this year, dealings in the group's shares, the company's intentions regarding the sale of the audio division, and about a Park Lane property which he said was "used as a residence by a lady who is not employed by any group company."

After discussing the questions with Mr Peter Woodward, the newly-appointed finance director, Mr Burton responded.

He said it was Audio's intention to sell Samleco and he was now in dialogue with its directors. He also confirmed that Audio was considering offers for its audio division.He denied dealing in the company's shares but refused to answer the "personal allegations" made against him.

As to the accounting irregularities, he said that Stoy Hayward, Audio's auditors, had quantified a discrepancy of £527,000 and were investigating who was at fault. "We are taking legal advice about what action can be taken against those found to be responsible," he said.

Mr Goldberg said he was dissatisfied with the answers and asserted that Mr Burton was not a suitable person to run a public company. If necessary, he said, he would call a shareholders' meeting to discuss this issue.

About the only thing Mr Goldberg and Mr Burton seemed to agree on was the desirability of the rights issue and in the last five minutes of the meeting the resolution was duly passed.

European construction growth boosts RMC

By Andrew Taylor, Construction Correspondent

RMC GROUP, the world's biggest producer of ready-mixed concrete,last year increased pre-tax profits by 37 per cent to £205.9m. The rise reflected increases in construction output in most leading European countries where the British group operates.

The only markets to show flat or a slight decline in profits last year was the US and Austria, said Mr Jim Owen, RMC's managing director.

The group produced more than 30m cubic metres of concrete last year, enough it said to build four ring roads around London.

Sales volume rose by 18 per cent in the UK by more than 14 per cent in France and by just under 4 per cent in West Germany. Margins in West Germany also improved significantly.

Group turnover during the 12 months to the end of December rose by 15 per cent to £2.06bn. Profits would have been £6m higher but for adverse currency exchange movements, said Mr Owen.

The biggest profits increase occurred in the UK, Europe's second fastest growing construction market last year afterSpain, where RMC also has a small but expanding concrete and aggregates business.

UK profits from RMC rose by almost 50 per cent last year to £127.5m. Sales increased by more than a quarter to just under £1bn.

West German profits rose by 21 per cent to £32.1m. The increase was 32 per cent before translation into sterling, said Mr John Camden, RMC's chairman, who helped found the group's German subsidiary.

RMC is Germany's biggest concrete producer with about 17 per cent of the local market. It said West German construction output had improved since housebuilding reached its low point in the mid 1980s.

RMC is also the largest wholly-owned producer of concrete in France. It said sales and profits from France were expected to increase this year following a series of recent small acquisitions.

It acquired a further 17 ready-mixed concrete plants and two more quarries in France last year.

RMC said it expected profits to remain flat in the US where construction output was forecast to fall by about 5 per cent this year. The market was particularly difficult for ready-mixed concrete in Atlanta, Georgia, where one of RMC's major competitors was Blue Circle, Britain's biggest cement manufacturer. Blue Circle is due to publish its annual results today.

RMC said the UK market was expected to remain very strong but sales growth would not be at last year's heady pace. Mr Camden said sales of concrete and aggregate during the first three months of this year were about 5 per cent to 6 per cent higher than during the first three months of 1988.

Worldwide profits from ready-mixed concrete and aggregates rose from £106.6m to £152.3m. Profits from concrete products, cement and lime, used among others by the West German steel and chemical industries, rose from £28.2m to £30.4m.

Merchanting, do-it-yourself, waste disposal, security and leisure businesses in the UK increased operating profits from £20.5m to £28.2m.

A final dividend of 9.9p (7.5p) makes a total of 14.5 (11p) for the year.

See Lex

Hewden Stuart up to £28.27m

By John Ridding

CONTINUED STRONG demand across its businesses boosted taxable profits at Hewden Stuart, the Glasgow-based plant hire group, to £28.27m for 1988, an increase of 62 per cent.

Turnover, at £201m, showed an increase of 30 per cent. Earnings per share, fully diluted, rose from 8.53p to 13.13p and the proposed final dividend is 2p giving a total for the year of 2.75p (2.04p).

Sir Matthew Goodwin, chairman, described the results as "marvellous".

The hire operations division, which generates the bulk of group profits, experienced a significant increase in demand in the Midlands and the north.

The merchandising division, benefiting from improved margins and sales, reported profits 61 per cent higher at £3.48m.

● COMMENT

Hewden's results will displease only competitors and analysts; the latter having repeatedly upped forecasts from beginning of year estimates of £22m only to be beaten by the final tally. The story behind the impressive performance is fairly simple – strong markets, good management, high capital expenditure, the increased sub-contracting within the construction industry – and does not need to be buttressed by consideration of another warm winter. Of the relevant factors only the first contains a question mark for the foreseeable future in that any marked slowdown in economic activity must ultimately affect Hewden, as it did in 1981. But 1989 certainly looks promising and there is as yet little ground for pessimism beyond that. With 34,000 active accounts at the last count, including most of the blue chip companies, the group has a business customer spread to match its geographic one and has a relatively low exposure to the housing market. More immediately, the high levels of capital expenditure have positioned it well to benefit from the lively markets north from the Midlands. Overall profits in the region of £36m can be expected, which on the basis of today's share price of 146p, up 5p, gives a multiple of 8.5.

Rumour lifts Gold Fields' share price

By Kenneth Gooding, Mining Correspondent

A false rumour that a New York court had removed the injunction which stops Minorco, the South African-controlled investment company, buying any more shares in Consolidated Gold Fields, the UK diversified mining group, yesterday sent Gold Fields' share price sharply upwards briefly.

It jumped from £13.30 to £13.70 before settling back to close at £13.53 after Judge Michael Mukasey denied he had lifted the injunction. The judge is currently attending a seminar and will not be back in court until next Monday.

Meanwhile, the war of words between Gold Fields and Minorco continued.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Addison Consult ......fin	0.9	-	1.9★	1.4	2.8★
American Dist § ......fin	2.25	July 3	-	2.25	-
Aquascutum Group ..fin	2	-	2	3	3
Avis Europe ....fin	7†	July 6	5.2	11	9
Cannon St Invs ......fin	5†	June 5	4	8	6
Connells ....fin	6†		5.5	9	8
Dowding & Mills ......int	0.8†	May 19	0.71	-	2.0
Foseco ....fin	8☆	July 3	7.1	12.2	10.6
Hay (Norman) ....fin	1.5	July 3	1.1*	2.16	1.67*
Helene ....fin	1.24	July 1	1.13	1.79	1.63
Hewden Stuart ....fin	2	July 14	1.4375*	2.75	2.04*
Higgs and Hill ....fin	8	June 6	6	12	9
Jacks (William) ....fin	1.1	July 4	0.9	2	1.7
Mecca Leisure ....fin	1.2	-	2.15	5.7‡	3.65
Needler Group § ....fin	6.8‡	-	-	9.8	-
Pearl Group ....fin	9	June 14	7.5	15	12.5
Polly Peck Intl ....fin	5†☆	Aug 4	5.104*	12.2‡‡	6.5625*
RMC Group ....fin	9.9	May 25	7.5	14.5	11
Smiths Inds ....int	3.25	June 9	2.25	-	7.5
Tellos Holdings ......fin	5†	June 5	3	8	5
Tesco ....fin	2.325☆	July 3	1.85	3.5	2.85

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ☆Carries scrip option. ‡For 15 months. ‡‡For 16 months. ★Paid prior to demerger of Michael Page Group. ‡Canadian currency throughout.

Friendliness pops up in international corporate affairs

Getting the structure correct was essential. Philip Coggan reports

THE COURSE of true corporate love never did run smooth. Melding together two companies the size of SmithKline Beckman and Beecham involves far more than just deciding that the businesses complement each other.

The structure of the combined group is vital in overcoming regulatory and legal problems and in persuading shareholders of both companies they are receiving maximum value, allowing for tax.

Friendly international mergers on the scale of the SmithKline/Beecham tie-up are still comparatively rare. When the two parties and their advisers sat down to discuss how the combined company should be established, the most obvious examples were the Anglo-Dutch combines Unilever and Royal Dutch/Shell.

But those groups are essentially structured as two separate operating businesses with a small holding company. If SmithKline Beecham was to achieve real synergistic benefits, such a divided structure would be inappropriate.

Both sides are keen to argue that this is a merger, not a takeover, and a completely new company seemed to be the most convincing way of demonstrating the fact. Thus the decision to use "SmithKline Beecham" as the takeover vehicle, rather than have one company formally absorb the other.

The choice of location revolved around three options: the UK, the US and some "neutral" country. A third country was quickly ruled out as it was likely to complicate the tax positions of investors in both the UK and the US.

In the end the UK was chosen – perhaps because Beecham was effectively the stronger partner of the two; perhaps because the deal would be easier to sell to UK institutional investors; perhaps because of easier merger accounting treatment; perhaps because it kept the merged group within the confines of the European Community.

The principle behind the financial structure of the deal is to divide the new group's equity equally between SmithKline and Beecham shareholders. Unfortunately, the issue was complicated by the different tax needs of UK and US investors and by the desire of both companies to make disposals before the merger.

Under UK law, tax is automatically deducted from the dividend payment before it is sent to the investor. In the US, dividends are paid gross and investors taxed on the proceeds.

If dividends were paid straight from the UK to the US, American investors would initially receive the net payment, after UK tax; they could claim part of that back under double taxation treaties; then they would pay US tax on the proceeds.

So the decision was taken to create two classes of shares – the A shares would be offered to Beecham holders and would be conventional ordinary shares. The B shares, which would be offered to SmithKline holders would have a preference share attached in a so-called "stapled unit", which could not be split and traded separately.

The dividend payment on the preference share would be set at a level so that the effective income streams from the A and B shares would be the same. Also, both sets of shares would have equal rights.

Although the two sets of shareholders will each end up with 50 per cent of SmithKline Beecham, the value of the remuneration packages will not be the same. Beecham shareholders will receive loan stock, which since it is underwritten, can quickly be exchanged for cash.

SmithKline investors will receive allocations of shares in Allergan and Beckman Instruments, the two companies that are being spun off from SmithKline. The uncertain financial effects of the spin-offs makes putting a value on the deal for SmithKline shareholders so difficult – although analysts were guessing at \$62.50 to \$64.50 per share yesterday.

Mr Bob Bauman, the Beecham chairman who will be chief executive of the merged group, was keen to emphasise that the disposals were not designed to avoid monopoly difficulties, although the deal obviously faces approval under both US Hart-Scott-Rodino and UK Monopolies Commission rules.

The main regulatory problem, besides tax, was accounting. UK GAAP is relatively straightforward in its treatment of mergers but there will still be the question of how to present the combined group's figures in the US under its accounting rules. Given the haste with which the merger was put together, that was one of the issues remaining to be settled.

Given the current enthusiasm for cross-border corporate links, there will be more than one major company watching to see whether the two companies' sets of advisers (Kleinwort Benson and Wasserstein Perella for Beecham; Goldman Sachs and JP Morgan for SmithKline) have successfully surmounted all the technical problems.

Sema shares rise 31p after foray in market

By John Ridding

SHARES IN Sema Group, the Franco-British computer services company, yesterday rose 31p to 321p following an attempt by Barclays de Zoete Wedd to acquire 4.5 per cent of the shares at 319p each.

BZW said that it was acting on behalf of a client which it refused to name. However it was almost certainly acting for Cap Gemini Sogeti, the French software house which held a stake of 20.1 per cent in Sema prior to yesterday's attempted purchase. It is believed that the attempt was unsuccessful.

Mr Philip Gregory, Sema group finance director, said that the company has asked CGS to confirm if it was behind the action.

Analysts believe, however, that there is little immediate prospect of CGS bidding for Sema because of the influence and inclinations of Sema's large institutional investors. Banque Paribas holds 32.9 per cent of the shares, and the British Coal Board, Credit Agricole, Scottish Amicable and Schneider together hold another 16.3 per cent.

While there is no guarantee that these institutions are friendly, they all, with the exception of Schneider and Scottish Amicable, hold seats on Sema's board and were involved in the management restructuring towards the end of last year.

Analysts were also puzzled by the timing of the move given that the shares were just over 250p in the middle of January. They were also impressed by the fact that a 10 per cent premium apparently failed to win the desired 4.5 per cent.

Given these considerations, analysts said that CGS was probably adopting a long-term strategy in the hope that institutional support for Sema may weaken.

The right chemistry to create a global force

Peter Marsh examines the proposed merger between Beecham and SmithKline Beckman

YESTERDAY'S merger agreement between Beecham of the UK and SmithKline Beckman of the US should produce "a major global force" in the healthcare industry, said Mr Bob Bauman, chief executive-designate of the new combined company.

SmithKline Beecham, as the new company will be called, will have annual sales of about £3.7bn, split roughly equally between prescription pharmaceuticals and general healthcare products.

The latter encompasses non-prescription or over-the-counter (OTC) medicines, animal health products, laboratory services and health-related consumer products including toiletries.

Bob Bauman (left) and Hugh Collum

Under yesterday's agreement, which is subject to shareholder approval but which executives involved in the negotiations hope will be ratified by the summer, Mr Bauman will be responsible for the day-to-day operations of the new company.

Mr Bauman, a 58-year-old American, is currently chairman of Beecham, a job he took up nearly three years ago after a career mainly in marketing jobs in the US. He is credited with having achieved a turnround at the British company, which encountered difficulties in the early 1980s.

Mr Henry Wendt, currently chairman of SmithKline Beckman, is to become chairman of the merged group. He will have a largely supervisory role

As well as Mr Bauman and Mr Wendt, three others of the seven-strong upper management of the new group will be American, although it will have its headquarters in London. Beecham is providing four of the seven, with three from the US company. Mr Hugh Collum, finance director of Beecham, will become finance director of the new company.

As part of yesterday's announcement, Beecham said its estimated pre-tax profit for the year to March 31 was about £490m, a 17 per cent increase on the £419m made the previous year. This profit figure was arrived at on the basis of unaudited accounts for the 46 weeks ending February 17. Beecham is not due to produce its final figures for 1989 until June.

Earnings per share were, on this basis, roughly 39.7p (33.3p). Beecham also announced a second interim dividend of 9.7p per ordinary share, making a total dividend for the year of 16p. The dividend in 1988 was 14.3p.

Mr Bauman said he was confident the merged company would quickly produce financial results better than either of the two groups could attain separately. "We have a tremendous opportunity to learn from each other. The personal chemistry is right."

The new company will be the second biggest in the world's \$120bn-a-year prescription drugs business, after Merck of the US. It will also occupy number two position in the OTC industry, which is worth \$20bn a year and in which the top company is American Home Products.

SmithKline Beecham will become the fourth biggest business in the \$7.5bn-a-year animal health products sector. The leading companies in this field are Hoffmann-La Roche of Switzerland, France's Rhône-Poulenc and Pfizer of the US.

The existing operations of SmithKline and Beecham in scientific instruments, eyecare and cosmetics will not, under yesterday's plan, form part of the new combined group. These activities are either to be sold to outsiders or spun off to shareholders.

Unilever, the Anglo-Dutch foods and chemicals group, is thought to be a leading contender to buy the Beecham cosmetics business, which is reckoned to be worth about £600m.

Mr Bauman said yesterday the new group would achieve considerable economies of scale by putting together the research and development (R&D) and marketing staffs of the two separate companies.

There would be some 5,000 people in pharmaceuticals R&D, with an annual budget of about £300m, putting the new group in the top five in the industry in research spending.

A combination of the two companies' marketing forces would give a total of 6,000 pharmaceuticals salesmen. Of these people, whose main job is to convince doctors of the value of their company's products, 2,800 will be in Europe, 1,000 in the US and 500 in Japan.

Mr John Chappell, who is to become chairman of the prescription-pharmaceuticals division of the new company and who is currently head of SmithKline Beckman's drug business, said he "felt wonderful" about the prospects for the merged group.

It emerged yesterday that Mr Bauman and Mr Wendt started serious merger talks soon after the two men met for the first time last summer.

They had met initially to discuss cross-licensing of each other's products. But then both sides realised they could gain from a more formal combination, executives said yesterday.

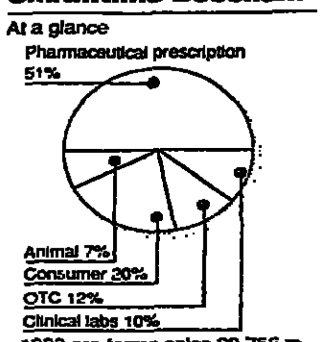
Mr Chappell denied yesterday that SmithKline's interest in the merger had been prompted by the rumoured threat in recent months of a rival drugs company mounting a takeover bid for SmithKline.

In the past two years, many drugs industry observers have criticised what they see as SmithKline's lacklustre commercial performance. Much of this has concerned lower-than-expected sales of Tagamet, a SmithKline ulcer drug which in the early 1980s had been thought of as one of the drug industry's most exciting products.

Mr Chappell said the criticism had not necessarily been unjust but that Tagamet was still a very good product for the merged group.

SmithKline Beecham

At a glance



1988 pro-forma sales £3,756 m

UK COMPANY NEWS

Polly Peck just exceeds forecast

By Vanessa Houlder

POLLY PECK International, agricultural, electronics and textiles group, yesterday announced pre-tax profits of £144.1m for the 16 months to December 31. The result narrowly beat the profits forecast of £142.5m that accompanied the £133m rights issue last October.

In 1988, the group made pro forma pre-tax profits of £112.2m on sales of £761m, compared with £86.2m and £380m for the year to the end of August 1987.

In the 16 month period, turnover was £967m, of which 55 per cent came from acquisitions.

Mr Asil Nadir, chairman said the results were "wholly satisfactory". The group would continue to try to raise the quality of earnings and to reduce dependence on any single geographical location, he said.

He claimed that the company had become one of the top three European distributors of fresh produce and was one of Europe's largest television manufacturers.

The divisional profit comparisons between 1988 and the year to the end of August 1987 was as follows: food £88.1m (£72.6m); electronics £19.3m (£9.3m) and textiles £4.8m (£4.3m).

Expansion will be concentrated on Europe, North America and the Far East. At present, the US, the Middle and Near East, and Europe account for about 20 per cent, 33 per and 40 per cent of sales respectively.

The Russell Hobbs business that was bought from TI two years ago made a loss. Following reorganisation and the introduction of new products, it is expected to make a profit this year.

Mr David Fawcus, finance director, said that the group had made substantial progress in its goal of increasing its equity base, improving its debt profile and reducing its borrowing costs. Interest cover had increased to 12.3 times.

Fully diluted earnings per share for 1988 were 41.8p (1987-36.4p). A final dividend of 5.0p per share was recommended, bringing the total to 12.2p for the period.

Asil Nadir: one of Europe's largest television makers.

● COMMENT

Polly Peck is rapidly shifting from an opportunistic and erratic trading group into a truly international electronics and agricultural business. The fresh produce business has been vastly strengthened by the geographical expansion of its marketing and sourcing operations. Meanwhile the company's electronics production is increasingly flexible and competitive, which helps temper the concern stemming from the prospect of a slow down in consumer spending. But whatever its achievements, Polly Peck still has some way to go before it wins the public relations battle. The predictability of this set of results combined with a slightly uninspiring presentation left the shares down 2p to 320p. Nor is there likely to be much activity in the shares until the report and accounts is out of the way. The balance sheet is not expected to be a cause for concern but the City's caution shows that the company has not entirely put its reputation for nasty suprises behind it. Pre-tax profits of £145m are expected this year which put the shares on a unexacting prospective p/e of 7.

Ocean Sound calls for £4.2m via rights

By Nikki Tait

OCEAN SOUND, an unquoted BES company which operates the independent local radio service in Portsmouth and Southampton, is raising £4.2m via a one-for-two rights issue at 800p a share.

The issue has been underwritten by Crown Communications Radio, which already holds a 9.9 per cent interest in Ocean, and Haymarket Publishing Services, with 11.9 per cent, although neither will end up with over 29.9 per cent of equity.

The company says it plans to invest up to £1.4m in developing facilities over the next year, and believes "there will be considerable opportunities for the company to expand through acquisitions and ventures in other parts of the UK broadcasting sector". It is also looking at European opportunities.

In connection with the rights issue, Ocean is providing a facility whereby shareholders can sell their shares, with the accompanying rights to new shares, at 800p a share.

Edelman in Storehouse attack

By Maggie Urry

MR ASHER Edelman, the American arbitrageur who heads a group of investors with a 7.8 per cent stake in Storehouse, attacked the company's month-old property joint venture saying it reduced the value of the retail group.

Storehouse rejected Mr Edelman's arguments. Mr Michael Julien, Storehouse's chief executive, said: "There can be no question of Storehouse losing out."

Storehouse set up the joint venture with London & Edinburgh Trust, the property and financial services group run by brothers John and Peter Beckwith. Storehouse agreed to sell £120m-worth of its properties, mainly BhS stores, to the 50:50 owned company, Oppidan Estates. LET put in £50m worth of properties. Storehouse will continue to run the shops, paying rent to Oppidan.

Mr Edelman, who was in London yesterday having discussions with BZW, his adviser, said he had examined the contract between Storehouse and LET as part of his research into Storehouse prior to deciding whether or not to bid for the group.

He argued that the contract revealed four aspects to the deal which he believed reduced shareholder value:

- Storehouse will lose half the development potential of the sites put into the joint venture;
- Oppidan has options to buy space contiguous to the sites in the deal;
- Under certain circumstances Oppidan has the option to buy any space Storehouse vacates;
- LET has the option to buy Storehouse's stake in Oppidan at asset value if there is a change of control of Storehouse.

Mr Edelman said this was a "poison pill" designed to deter a bidder. The stake in Oppidan ought to attract a premium to net asset value if it were sold, he suggested.

Mr Julien said: "The Oppidan Estates deal is an excellent one for Storehouse shareholders. It is in no sense a 'poison pill'," he added. The deal had, he said, increased Storehouse's net worth and improved its liquidity.

"The terms of the deal require Oppidan to pay Storehouse the full market price for all properties that are transferred," he said. The number of properties covered by the pre-emption rights was small, he said.

The change of control clause was "a perfectly standard one based on net asset values", Mr Julien said.

Mr Edelman refused to be drawn on the chances of a bid or its timing. He did say that the unnamed international retailer he had brought on board to run Storehouse in the event of a successful takeover was already working at BZW's offices.

Helene profits static at £2.2m

Taxable profits at Helene, the clothing manufacturer and distributor and textile merchant, were virtually static at £2.17m in 1988. The figure was struck, however, after an exceptional debit of £831,000 relating to losses sustained by a subsidiary, since discontinued.

Mr Montague Burkeman, *chairman*, said the balance sheet remained strong with year-end net liquidity of £1.8m.

Turnover was £41.55m (£34.46m). Earnings were 2.5p (3.2p) and the final dividend is raised to 1.24p, bringing the total to 1.79p (1.68p).

FSM acquisitions

Ford Sellar Morris Properties has bought a portfolio of nine investment properties from the National Provident Institution for £13.15m. The portfolio is a mixture of retail, office and industrial investments with annual income in excess of £760,000.

FSM has also acquired two estates from Local London Properties for £11.2m.

Enlarged Mecca makes £30.3m

By Andrew Hill

MECCA LEISURE Group, which last year won a £750m bid for Pleasurama, yesterday announced pre-tax profits of £30.3m for the 15-month period to December 31.

Mecca has changed its year-end to fit in with Pleasurama, which is three times the size of the original bingo, holiday camp and nightclub group, and the figures included a two-month contribution from Pleasurama's casino and catering businesses.

In the 12 months to the end of 1987, the original group made £14.9m before tax.

Mecca recommended a final dividend of 1.2p, giving a total of 5.7p for the 15-month period, 25 per cent up on 1987, if adjusted to account for the different reporting periods. Earnings rose from 12.5p to 14.3p.

The profits were boosted by a £4.4m (£900,000) profit on property sales, which the group said would be a continuing item.

At the trading level, holidays made £8.1m and general leisure – including the bingo and nightclub operations – £17.9m. The enlarged catering and character hotels division returned trading profits of £2m, Pleasurama's casinos made £2.4m, and its gaming machine arm £2.2m. Other activities contributed trading profits of £1.6m.

● COMMENT

City reaction to the 15-month results was a strange mixture of irritation and expectation. Analysts were annoyed that Mecca fell short of their forecasts without some prior warning, but they are not reading disaster into figures which represent a short period in the aftermath of an exhausting bid battle. The question now is not *whether* Mecca and Pleasurama can prove they are a mighty combination, but when. 1989 will probably be a year of consolidation: £94m has been set aside for capital expenditure, and the opposite pulls of cash generation and high interest rates will keep gearing stable at 80 per cent. That is higher than many observers would have wished – none of the expected major disposals has taken place – but prospective interest cover of 3.5 times for the year is healthy enough. If property sales continue to generate profits, then between £100m and £103m before tax seems a reasonable forecast for the year. That would put the shares on a prospective multiple of about 11.5 – worth holding for the takeover benefits, although that might mean waiting till 1990.

News Digest

ACORN COMPUTER
Recovery gathers pace

ACORN COMPUTER Group, the microcomputer manufacturer which is controlled by Olivetti of Italy, reported pre-tax profits of £1.13m in 1988. Turnover expanded from £36.15m to £39.21m.

The USM-quoted group, which incurred a loss of £3.23m in the previous year, swung back into the black at the halfway stage and consolidated the recovery in the second half.

Mr Harvey Coleman, managing director, said 1988 had been a year of sound progress which created solid foundations for further growth. Net cash inflow amounted to £7.1m which enabled Acorn to eliminate its overdraft and retain cash reserves of £2.5m.

Earnings per 10p share were 1.7p against losses last time of 5p.

DOWDING & MILLS
Growth in all divisions

Good results from all divisions including its two new acquisitions in Europe, resulted in a 30 per cent improvement in pre-tax profits for Dowding & Mills, electrical and mechanical engineer, in the half year to December 31.

On turnover 27 per cent *ahead to £31.65m (£24.97m)* the taxable result advanced from £3.44m to £4.49m. Mr Peter Hollings, chairman, said that trading in the second half had continued at a similar level to the first, and, provided that trend continued the board was confident of achieving improved full-year results. For the year ended June 1988 profits of £7.15m were made.

The interim dividend is lifted to 0.8p (0.71p), payable from earnings per 10p share of 3.03p (2.5p). Tax took £1.68m (£1.29m).

NEEDLER GROUP
Good year anticipated

Needler Group, the Canada-based aggregates, asphalt and concrete block producer which gained a USM quote last June, increased its pre-tax profits in 1988 by 28 per cent from C$5.64m to C$7.23m, or £3.59m.

The taxable advance was struck on sales 21 per cent ahead at C$47.33m (C$38.92m). After tax lifted to C$3.17m (C$2.76m), earnings per share were up at 0.239 cents (0.186 cents). The directors have proposed a final dividend of 6.8 cents, to make 9.8 cents for the year.

The company said that the mild winter, pent-up demand in the road construction sector and the company's Woodstock property should contribute to a good current year.

MALAYA GROUP
Meets estimates with £291,000

Malaya Group, the motor sales group which joined the Third Market in February this year, reported pre-tax profits of £291,000 for the year ended December 31 1988.

This was struck on turnover of £9.36m, and after tax of £92,000 earnings per 10p share were 7.52p. Earnings per share after full conversion of convertible preference shares were 3.44p.

Last year the company made pre-tax profits of £350,000 on turnover of £9.07m.

Mr Keith Goldie-Morrison, chairman, said the results were in line with estimates given in the prospectus and directors expect to pay an interim dividend of 0.75p in October 1989, followed by a final of 1.25p.

AQUASCUTUM
Lower profits of £2.55m

Reduced pre-tax profits of £2.55m, compared with £2.91m, were announced by Aquascutum Group, clothing manufacturer and retailer, for the year to January 31 1989. Turnover advanced from £43.28m to £49.82m.

The directors are proposing to maintain the dividend at 3p with an unchanged 2p final.

NORMAN HAY
Good all-round performance

Norman Hay, the metal and plastics processing group, achieved a 64 per cent rise in pre-tax profits in 1988. The taxable result was £1.82m, against £1.11m last time, and was struck on turnover lifted 35 per cent from £11.82m to £16.01m.

The recommended final dividend is 1.5p (1.1p adjusted) to make a total of 2.16p (1.67p adjusted) for the year.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of industrial production, manufacturing output (1985=100); engineering orders (£ billion); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1987 4th qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1988 1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4th qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
September	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1989 January	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February				[illegible]	[illegible]	[illegible]	[illegible]

OUTPUT- By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1985=100); housing starts (000s, monthly average).

	Cnsmr. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1987 4th qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1988 1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4th qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1989 January	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February							[illegible]

EXTERNAL TRADE- Indices of export and import volume (1985=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1985=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn
1987 4th qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1988 1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4th qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
September	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1989 January	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March							[illegible]

FINANCIAL-Money supply M0, M1 and M3 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Cnsmr. credit† £m	Base rate %
1987 4th qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1988 1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4th qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
September	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1989 January	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
March							[illegible]

INFLATION-Indices of earnings (1985=100); basic materials and fuels; wholesale prices of manufactured products (1985=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100)

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters* cmdty.	Sterling
1987 4th qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1988 1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4th qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
September	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1989 January	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February		[illegible]	[illegible]			[illegible]	[illegible]
March		[illegible]	[illegible]			[illegible]	[illegible]

*Not seasonally adjusted

†Net changes in amounts outstanding, excluding bank loans.

UK COMPANY NEWS

Avis £72m reflects organic growth

By John Thornhill

ENHANCED performances in all its businesses helped Avis Europe, the car leasing and rental group, increase pre-tax profits to £72m in the year to February 28, a 32 per cent advance on the previous £54.6m.

Revenue grew 28 per cent to £623.3m (£486.5m). Earnings per share rose from 22.6p to 29.3p and a final dividend of 7p was recommended, making a total for the year of 11p (9p).

During the year Avis bought two leasing companies, the Edinburgh-based CG Leasing and the Belgian ATB company, both in November.

It also exercised its options to buy the remaining 50 per cent of Sogen Avis, the Paris-based contract hire business, in October, and the outstanding 22.3 per cent of Locadif, the Belgian vehicle leasing and rental group, in January.

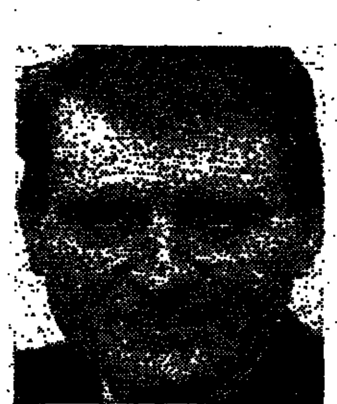
These acquisitions accounted for 2 per cent of the taxable profits increase and 4 per cent of the revenue gain. Underlying organic growth produced 23 per cent of the profits advance and 11 per cent of revenue increase and the remaining growth was attributed to the acquisitions made in 1987-8.

Vehicle rental was the largest group activity, accounting for £49.1m (£37.4m) of pre-tax profits and £286m (£262.5m) of turnover. The total rental fleet is now over 76,000 vehicles and during the year 134 new rental outlets were opened, making 1,787 in all.

The group's leasing operations, which now serve 14 countries throughout Europe, expanded strongly and produced profits of £17.4m (£12.7m) on turnover which more-than doubled to £163.4m (£67.8m). The leasing fleet now stands at 94,000 vehicles.

Avis's nine dealerships produced pre-tax profits of £5.5m (£4.5m) on revenues of £173.9m (£156.2m). Over 29,000 vehicles were sold during the year but more than 60 per cent of the profits came from after-sale activities.

Mr Alun Cathcart, chairman and chief executive, said the current year had started encouragingly, although the company could not expect to repeat such an excellent performance at a time when economic growth appeared to be slowing.



Brian Cathcart: enhanced performances in all businesses

● COMMENT

There is no company quite like Avis. No other vehicle rental company is quoted on the stock exchange and so it is often hard to know how to classify Avis's businesses or to appraise its performance. In most respects, Avis is more akin to a financial services company than a motor distributor; otherwise it is difficult to explain away such balance sheet anomalies as 399 per cent gearing. There was wide agreement, however, that this was an extremely good result, ahead of expectations, and this was reflected in the 7p advance in Avis's share price to 371p. The existing geographical spread of the company's activities will help to protect it from national economic squalls, a factor much appreciated at a time of some concern about the UK ecenomy, and in addition there seems to be good growth potential. The company appears to be uniquely positioned to expand its leasing operations in continental Europe and already has dealings with almost three-quarters of the top 500 European companies. Pre-tax profits of above £80m look in sight, putting it on a prospective p/e ratio of about 11. That looks fairly stingy in the short-term and especially so in the longer view.

Foseco improves 22% to £43.1m

By Clare Pearson

FOSECO, specialist chemicals and abrasives group, lifted pre-tax profits by 22 per cent to £43.1m in the year to end-December, scored on an increase in turnover from £515.1m to £526.6m.

The results suffered from the impact of a strong pound on translation of results of overseas operations, which reduced pre-tax profits by £3m and turnover by £27m.

The figures were also dented by a reduction in profits of the construction and mining chemicals division from £8.4m to £6.2m. However, Mr Bob Jordan, chief executive, said he expected a much improved contribution in the current year.

The division was affected partly by restructuring costs in the French operation, which took about £500,000. Meanwhile, mining chemicals in the UK were hit by reduced demand from British Coal, coinciding with costly expansion measures in North America and Australia.

However, construction chemicals activities in the UK, Spain and the Far East all produced improved performances. The Gulf States contribution was lower, but Foseco said sales had improved following the ending of the Iran-Iraq war.

High demand in the metallurgical industry helped Foseco's metallurgical chemicals division increase profits to £26.3m (£22m) on turnover of £300.9m (£289.1m). The abrasives and diamond products operation moved ahead to profits of £12.3m (£9.1m) on sales of £142.9m (£143.6m). This included a first time contribution from Beck Diamond Products of the US, bought for $6.5m last March.

After a tax charge down from 44.6 per cent to 42 per cent, earnings per share came out at 28.3p (21.5p). The final dividend is set at 8p (7.1p), making 12.2p (10.6p) for the year.

Foseco has spent a net £12m on add-on acquisitions since the year-end. The most notable has been Super-cut of the US, a diamond tool operation, bought for $9.8m in January.

● COMMENT

Aside from redundancy costs emerging at slightly higher than expected levels, these results contained no nasty surprises but certainly failed to inspire excitement in Foseco which the City continues to regard in the light of its accident-strewn past and the heavy exposure of its businesses to changes in volumes. Although it has set itself the aim of achieving 10 per cent margins in due course, Foseco is likely to find it tougher and tougher to improve profitability given that the 1988 results were achieved against a background of boom market conditions for many of its products and since most of the really poor performers in the group have now been shed. Assuming somewhat lower redundancy costs, the company should achieve around £47m pre-tax in the current year, putting the shares, after a strong recent performance, on a prospective p/e of about 9, which is not ungenerous.

William Jacks tops £1m

WILLIAM JACKS, the Berkshire-based vehicle distribution and servicing group, announced taxable profits 21 per cent higher at £1.04m in the 12 months to end-January 1989.

The result was struck on turnover of £48.61m (£43.55m). Earnings per share worked through at 5.93p (5.54p) and the proposed final dividend of 1.1p makes a 2p (1.7p) total.

However, Tan Kay Hock, chairman, warned that the outlook was clouded by higher interest rates and higher taxation of company cars. This may, he added, result in "temporary slackening" of UK demand for the more expensive executive cars.

Connells up 19% despite downturn in second half

By Philip Coggan

CONNELLS ESTATE Agents yesterday reported a downturn in 1988 second half profits and warned that the first half of 1989 would be disappointing.

Profits for the six months from July to December 31 fell to £3.76m (£4.02m) but thanks to a strong first half, full year profits were 19 per cent higher at £8.72m (£7.32m). Last month Connells announced that potential merger discussions with a third party had been terminated.

The company said the sharp correction in the residential housing market led to activity shifting from exceptionally high to exceptionally low levels. Costs had been reduced and new products such as mortgage subsidies had been introduced. Some possible acquisitions in the residential area had been postponed.

Staff had been trained in ways of maximising profitability in the new market conditions. Connells sold 18,600 houses in 1988, compared with 15,500 in 1987 and Mr John Simson, chairman, said that the cost reductions meant that if activity returned to 1987 levels, the residential business could be more profitable than it was that year.

January and February 1989 had been poor months, but Connells says a recovery in the housing market to more normal levels of activity will not be long delayed.

The commercial division achieved strong growth, helped by a four month contribution from Connell Shearer Harris and first time full year contributions from Connell Chilvers and Connell Hallam Brackett.

The company said the outlook for the division was helped by an increasing number of large instructions which offered the prospect of predictable future earnings well into the 1990s.

The two divisions contributed similar profit levels last year. When Connells floated on the stock market in 1984, commercial estate agency contributed just 15 per cent.

Diluted earnings per share rose to 26.8p (24.5p). The proposed final dividend is 6p (5.5p) making a 9p (8p) total.

Divided board faces bid threat from MAI

Addison halved to £2m despite strong market research side

By Ray Bashford

THE TURMOIL surrounding Addison Consultancy overshadowed the announcement yesterday of a heavy fall in pre-tax profits by the market research, design and public relations company during 1988.

With a two-way battle for control of Addison developing rapidly, the board deeply divided and the plan for the tranformation of the company into a stripped-down market research company underway the results were of little more than historic interest.

However, the figures show graphically how the company, which three years ago was aggressively expanding four profit channels through acquisition, has hit hard times.

Pre-tax profits fell from £4.3m to £2.1m in the year to December 31 following the failure of the design and the public relations divisions to meet expectations. These failures left the market research subsidiary to again carry the bulk of the load. Amid heavy trading, the shares advanced 1p to 43.5p, capitalising the company at £25.53m.

The market research business, operated chiefly through Taylor Nelson, contributed £1.6m to the group result making the reason for its attractiveness to MAI, the financial services and advertising group, obvious.

Equally, the result highlights why the management of Taylor Nelson is so opposed to the loss of independence that would follow a takeover by MAI, which last week came into the open and declared it was the mystery group considering an offer for Addison.

The Taylor Nelson opposition, led by Ms Liz Nelson and Mr Tony Cowling, who are main board members, has formed a sizeable obstacle to MAI's intentions and partly explains itsdelay in making a formal bid.

But, by taking its stake up to around 15 per cent after the purchase of a further 5 per cent yesterday, MAI has demonstrated that it is committed to acquiring Addison following two previous failed attempts to gain control of market research companies.

MAI's plans have been further complicated by the appearance of Motivaction, the private French market research company which has at least 17.7 per cent of Addison's capital. The French company initially said it had no intention of bidding. However, after talks with the Takeover Panel its position was qualified yesterday to allow scope for an offer.

Motivaction would be likely to side with the dissident directors if MAI were to bid as a means of cementing and developing commercial links between itself and Taylor Nelson which have been under discussions for several months.

Coupled with the shareholdings of the two dissident directors and the staff of Taylor Nelson, which could rise by at least 10 per cent after the final payment for the acquisition of the subsidiary is made early month, MAI could face a formidable opposition shareholder block.

This leaves about 45 per cent of Addison's capital divided roughly equally between three camps, creating the circumstances for a tough fight for control.

Apart from this complication, MAI would wish to see the sale of the design company tied up before it launches an offer. Mr Steve Smith, Addison's chief executive, is putting together a buy-out plan and it is understood that at least two other approaches have been received.

The design company is expected to be sold for between £4m and £5m and would be the final act in the dismemberment plan which began last year.

The decision to sell off three parts of the company is a direct result of the failure to achieve the synergy anticipated as the businesses were dragged together under the Addison banner. These problems placed severe strains and divisions on the executive management which compounded the difficulties.

In March last year the Michael Page recruitment services business was hived off after an unhappy three years as part of the group.

The next major move was the sale of Chetwynd Haddons, the consumer advertising agency, for £3.9m cash. Following this sale Addison had net assets of £6.7m at the latest balance date.

This figure will be further increased when the proceeds from the £1m management buy-out of the Streets public relations agency and the disposal of the design company is received.

The rump left after these disposals has a proven record of profit growth but who will head and realise its potential after the battle which is brewing is over is a matter for speculation.

UK COMPANY NEWS

Higgs & Hill surges 45% to £25m

By Andrew Taylor, Construction Correspondent

THE CURRENT round of very good results from British construction companies continued yesterday when Higgs & Hill yesterday announced a 45 per cent rise in pre-tax profits to £25.06m during the year to the end of December.

Turnover last year increased by 28 per cent from £267.11m to £342.86m. Earnings per share rose by 41 per cent from 31.9p to 45p.

Housebuilding and commercial property made the biggest contribution to profits growth last year. Housebuilding is thought to have provided over half of last year's profit based on 550 sales at an average price of £110,000.

Property and housebuilding together is thought to have provided more than two-thirds of total profits. The group, however, refuses to provide a profits breakdown.

Higgs & Hill last year built about 45 per cent of its homes in south east England and 40 per cent in eastern England, from the River Thames north as far as Corby. The remaining 15 per cent was built in the south west.

These are currently among the weakest housing markets in the country. Sir Brian Hill, chairman and chief executive, said however that he was satisfied with the level of sales and inquiries so far this year.

He said the group expected to at least match last year's sales, provided interest rates did not increase further or the economy worsen.

"Our market remains in the middle price range where we believe the levels of disposable income and inherited capital are strong factors in determining demand," said Sir Brian.

Commercial property profits rose sharply in the UK and in France. The group is poised to start its first developments in Spain and the Netherlands.

Profits from property disposals as part of a rationalisation of the group's investment portfolio had been included in below the line extraordinary item of £4.5m (£2.4m).

UK contracting profits, despite a big increase in workloads last year, had remained relatively flat although better margin business won during the past 12 to 18 months should

Brian Hill: satisfied with level of sales and inquiries

soon start flowing through in improved profits. Sir Brian expected UK construction turnover would rise by 40 per cent this year.

Results from overseas construction were satisfactory "although on a scale much reduced compared with recent years." New orders had been won in Barbados, Thailand and Eastern Europe

A final dividend of 8p (6p) makes a total of 12p (9p) for the year.

● COMMENT

The lack of a profits breakdown from Higgs & Hill makes it difficult to assess prospects. Clearly a lot of last year's growth will have come from a UK housing market which overheated last year and is now moving into reverse. Higgs & Hill, which has a high quality landbank much of it acquired cheaply, will find it easier to sustain sales than larger volume builders which this week reported that sales in southern England had fallen by between 20 per cent to 30 per cent in the first three months of this year. Higher prices last year will continue to assist housing profits while contracting should receive a boost from higher margin work won last year. Property profits from both sides of the Channel should remain strong. A prospective pe of about 7.5 on pretax profits of £29m therefore looks a little cheap but is unlikely to change while worries about housing persist.

ICI to restructure can coatings side

By Ian Hamilton Fazey, Northern Correspondent

ICI PAINTS yesterday announced that it is restructuring its worldwide can coating businesses into a single packaging group to strengthen its technical and commercial power and bid for 40 per cent of the global £800m high technology can market.

The company at present has about 28 per cent and already claims world leadership. Mr Quintin Knight, director in charge of the initiative, said: "We don't know much, but it's going to cost us many millions of pounds. Our present share is based on sound technology. We shall be stepping up research into basic, background chemistry and how to develop this for the canning industry. We shall be doing research on the ground in south east Asia and refurbishing in Europe."

ICI will open a new can coatings factory in Thailand within six months and is at present deciding whether to site a large research and development department in Singapore or Malaysia to service rapidly growing Asia-Pacific markets.

The company already manufactures in Australia, Taiwan and Malaysia.

The new group will allow easier technology transfer around the world, unifying 11 different major coatings companies which ICI has acquired over the years. These include Birmingham-based Holden Surface Coatings and Edward Marsden – a specialist metal decorating ink supplier – in the UK, Wiederhold in West Germany and Attivilac in Italy. Holden Europe operates in France, and ICI Paints Espagna in Spain.

In the US, ICI leads through Glidden, acquired in 1986, and which has more than 80 per cent of the North American market for coating the insides of beer and beverage cans with corrosion- resistant lacquers.

The driving force behind ICI's new initiative is globalisation by canning giants wanting consistency of international supply.

The key to successful canning is the thin layer of inert lacquer which separates can from contents. This helps ensure that globally marketed products such as Coca Cola or Castlemaine XXXX taste the same wherever they are bought in the world.

In the US, Glidden had already developed a water-based lacquer before ICI bought the company from Hanson. This quickly won massive market share over solvent-based lacquers, which pollute the atmosphere as they dry in can manufacturing plants.

ICI is now working on transferring Glidden's technology from the aluminium cans which dominate in the US to the steel and tinplate ones which are still the most widely used in Europe.

Holden is also developing its adhesives and coatings business for the flexible packaging industry.

ICI Paints is world leader in the £20bn paints and coatings market, manufacturing in 29 countries, with licensing agreements in another 14, including Japan. About half its coatings are decorative, notably the Dulux brand, but the rest are high technology industrial products.

Vistec

Vistec, the USM-quoted computer services and supplies group, said that it would lapse its offer for DDT Group after it closes on April 13. A rival bidder, Apricot, has subsequently emerged. Apricot's revised terms have been recommended by the DDT board.

BMP attacks financing of BDDP's bid

By Nikki Tait

BOASE MASSIMI Pollitt, the UK advertising agency and marketing services company, yesterday hit back at its French predator, the smaller Boulet Dru Dupuy Petit agency group, claiming that both its clients and employees found the £103m offer unwelcome. It also questioned the bidder's financing arrangements.

In its first formal defence document, BMP said that a MORI poll conducted among its full staff indicated "strong opposition" to the French bid.

The poll, which saw responses from 700 out of 1,000 employees, suggested that only 7 per cent of the staff were in favour of the current bid. Some 27 per cent said they tended to be opposed, while 35 per cent said they were strongly opposed. Just under one-third had no opinion at this stage.

Almost two-thirds of the staff felt that BMP's clients' interests would be best served by BMP developing its own European partners.

In the document, BMP also reiterated its claims – this time accompanied by the publication of letters from four clients – that the circumstances of a contested bid put client business at risk.

It went on to argue that BMP was in "a strong position to develop profitably without BDDP", and maintained that two potential, but unnamed, partners had been found which could meet its, and its clients', needs for pan-European coverage.

It sharply criticised the soundness of BDDP's financing arrangements for the bid, which depend on a mixture of new equity, mezzanine finance, a revolving credit facility and a loan facility. In particular, BMP contended that a successful offer would leave BDDP in breach of at least two covenants – concerning interest and cashflow cover – in its various loan agreements.

Given that the offer of 300p a share is in cash, BMP and its advisers acknowledged that this may be of limited interest to shareholders. Nevertheless, directors of the British company are going to Paris today to see some of BDDP's banking backers.

A similar type of defence was employed by Dee Corporation when fighting a leveraged bid from Barker & Dobson in 1987/8, and such attacks on a financing package's tightness may be seen as an attempt to restrict the predator's ability to increase its terms.

With regard to the £115.6m financing package, the BMP camp maintained that, on certain future profit assumptions for the two groups, the covenants concerning interest cover could be broken in the first two years and the cashflow cover limit in the first five years of the main seven-year loan agreement.

It made the claim on the basis that the cost of the bid, including share options, was £104.7m, on top of which BDDP would have to refinance £6m of existing BMP debt. BDDP, it has calculated, would then face £6.4m of "earn-out" payments in the period to end-1989 and a peak working capital requirement of £7m.

It pointed out that the contention that the covenants would be breached assumes no clients are lost as a result of BDDP's action. "If clients were lost, which seems likely, the financial position would be considerably worse," it suggested.

Yesterday, however, Charterhouse, BDDP's adviser, said it was not true that there would be any breach. BDDP, it added, had made provision for all the capital requirements of the businesses. A statement from BDDP accused BMP of seeking to unsettle staff, while failing to explain its lack of development in Europe.

BMP's defence document added that its figures for the year to the end of March would be sent out "in due course"..

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Lyles (S).
Finals- Anglo American, Aspen Communications, Associated Fisheries, Beacon, Bentalls, Blue Circle, Costain, Davis (Godfrey), F & C Pacific, McLaughlin & Harvey, Portmeirion Potteries, Rea Brothers, Tudor.

FUTURE DATES

Interims-

Ashley	Apr. 17
Low (Wm)	Apr. 20

Finals-

Amersham International	Jun. 14
Atkins Brothers	Jun. 6
BLP	Apr. 19
Micro Focus	Apr. 25
Miss World	Apr. 17
Molynx	Apr. 26
Portsmouth & Sunderland	Jul. 2
Unigate	Jun. 12
Value & Income Trust	May 19

Porter Chadburn in US move

By Andrew Hill

MR RAY DINKIN, who joined Porter Chadburn as chairman and chief executive from Scott Paper, has begun to act on his ambition to build up the group's paper and packaging arm.

Porter – a specialist distribution and consumer products company – is to buy Lord Label Group of the US, a supplier of self-adhesive printed labels, for an initial $12.5m (£7.4m). At the same time the company is launching a £11.9m one-for-three rights issue aimed at reducing overall borrowings and funding the group's growth strategy, initiated when Mr Dinkin took the helm two years ago.

Mr Dinkin said that Porter, which already has a small plastic packaging operation, had waited to strengthen the quality of its earnings and its balance sheet before moving wholeheartedly into packaging activities.

He added that he hoped to double Porter's size within two years through acquisition and organic growth.

As well as the initial $12.5m for Lord Label, Porter will pay another $1.5m over a four-year period. The UK group will borrow $11m in the US – to minimise its exposure to exchange rate fluctuations – and the balance will be paid in shares. Further cash payments up to $21m may be made, depending on profits in the years to March 1993.

The US vendors have guaranteed that Lord Label will make at least $2.6m in the year to March 31 1989, and have net assets of $7m. In the previous year, turnover was $35.3m.

Porter shareholders are being offered one new ordinary share for every three held, or eight ordinary shares for every 15 convertible preference shares, on the basis of 88p per share. That compares with yesterday's close of 104p, down 3p.

The issue should broaden Porter's shareholder base. G M Firth (Holdings), the quoted steel stockholder which once held 64 per cent of Porter, is allowing its stake to be diluted from 20 per cent to 13 per cent, and Charterhouse Bank's stake will come down from 8 per cent to 5 or 6 per cent.

COMPANY NEWS IN BRIEF

BRISTAR GROUP, the food and agri-business division of Berisford International, has acquired Scotia Brock Foods for a sum to be determined. Scotia prepares, packs and distributes dried fruit and pulses and made a pre-tax profit of £0.8m in the year to September 3 1988 on £21.6m turnover.

BROOKS SERVICE Group has acquired Bowling Park Services, a Bradford-based workwear company, for £800,000. The company will join Brooks' textile rental division. BPS achieved pre-tax profits of £82,000 on turnover of £915,000 in its last financial year.

IN SHOPS has moved into serviced office accommodation with the purchase of Warwick Executive Services. Initial consideration is £650,000 and the maximum £2.05m depending on profitability, all in shares. Vendors warrant at least £100,000 profit for year to August 30 1989.

MIDSUMMER LEISURE has purchased Tempsure, trading as BT Newton and Co. Midsummer will issue 74,106 ordinary shares as part of the consideration of £503,000. A further amount up to £150,000 is payable over two years dependent on future profits. Net assets being acquired are £170,000.

RATCLIFFS (Great Bridge): £12.54m buy-in by Severn declared unconditional after having received acceptances in respect of 86.06 per cent of the ordinary shares offered. First and Second preference offers accepted in respect of 12.05 per cent and 26.52 per cent respectively. Buy-in organised by Grosvenor Venture Managers, whoses chairman, Mr David Beattie, is also a director of Severn and will join the board of Ratcliffs.

GKN AUTOPARTS ,an Australian subsidiary of GKN, has purchased a Sydney-based autoparts business called B and R Brake from Hynon Pty. for A$3.25m.

SHARE STAKES

African Lakes Corporation – Mars Security now holds 298,462 ordinary shares in company representing 5.35 per cent of the current issued share capital.

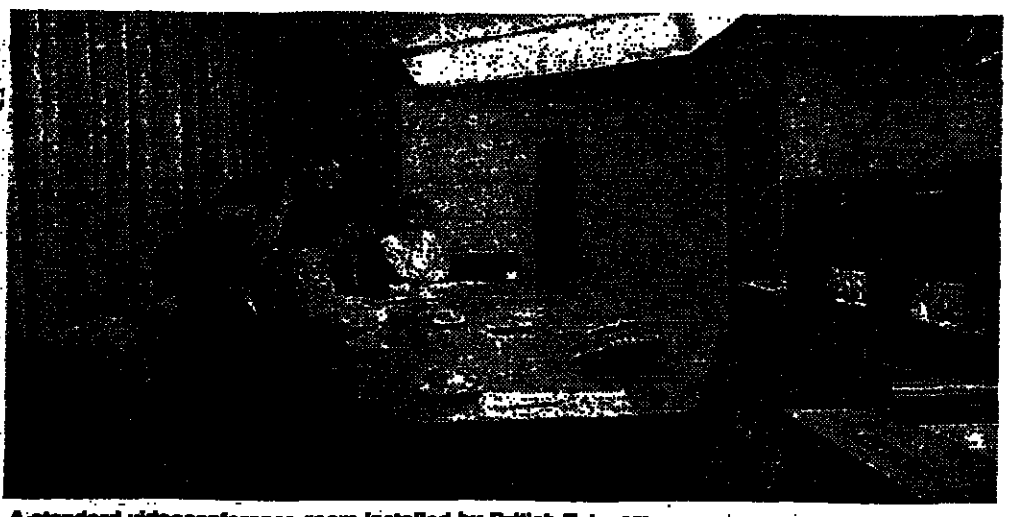
Hanover Druce – On April 7 Mr A R Shaw, a director, acquired 50,000 ordinary (0.812 per cent). His holding is now 636,201 (10.33 per cent). The shares are registered in the name of AR Shaw - 393,500: director's wife – 20,000: Central and Metropolitan Estates (a company jointly owned by AR Shaw and SA Parnes, another director of the company) – 153,701: trustees of Central and Metropolitan Estates Retirement Benefits Scheme (of which A R Shaw and S A Parnes are two of the trustees and sole members) – 69,000.

Sunset & Vine – CA Frewin, chief executive, has increased his beneficial holding to 2.4m ordinary (51.81 per cent) with the purchase of 25,000.

Toye & Company – Saxonbest and associates has 141,500 shares (6.3 per cent).

هكذا من الأصل

TECHNOLOGY



A standard videoconference room installed by British Telecom

The changing face of corporate meetings

The hassle of travel is opening company minds to videoconferencing. Clive Cookson reports

After many false dawns, videoconferencing — holding meetings between people in separate locations linked by television — seems at last to be taking off as a serious commercial activity.

Although British Telecom has offered a service — in the form of a network of public studios — since the early 1970s, UK companies have been put off by the high cost and cumbersome equipment. Videoconferencing has also suffered from the reluctance of business people to change their habits and, ironically, from its reputation as an emergent technology which has never emerged.

That image is now out of date, according to Roger Turkington, BT's videoconferencing business manager. He says that the volume of business has doubled every year since 1985, when companies started to install in-house videoconferencing facilities.

This year BT — which has more than 80 per cent of the UK market — will make about £5m from transmitting videoconferences on its network and a further £5m from selling equipment and studios. Thirty companies have installed a total of 100 videoconference studios in the UK.

The rest of Europe has about 400 studios, according to Steve Timms, a telecommunications specialist with Ovum, the London-based consultancy. Growth has been faster in the US, where there are 1,200 studios.

Participants in a videoconference can not only hear and see each other simultaneously but also display documents, technical drawings, computer graphics or products. The main benefit is to make face-to-face meetings possible while avoiding the high costs, inconvenience, stress and wasted time involved in travel.

There are now videoconference users in all sectors of the economy. Most are large manufacturing and service companies. The two exceptions in the UK are firms of solicitors: Bird Semple Fyfe Ireland has studios in its Edinburgh and Glasgow offices; and Brebner & Co has the country's shortest regular videoconferencing link — covering 380 metres between Cheapside and the Lloyd's Building in the City of London.

BP, in contrast, has one of the largest and most widespread international video networks, with four studios in the UK and four in the US.

Ford holds regular three-way videoconferences between its UK engineering centre in Dunton, its West German manufacturing centre in Cologne and its US headquarters in Detroit.

On one occasion, 40 senior managers met to discuss how West German exhaust emission regulations would affect production. Scheduling a meeting between so many managers would have been virtually impossible without videoconferencing, and the company estimates that two weeks' production time was saved.

Mergers sometimes encourage videoconferencing. For example, the Nationwide and Anglia building societies set up a link in anticipation of their union in 1987. The conference rooms in London, Swindon and Northampton are used for 15 to 20 meetings a week.

The technical heart of videoconferencing is the "codec" (coder and decoder). This digitises the video signals and compresses them so that they can be transmitted on the international digital telecommunications network.

A standard television broadcast, with a transmission rate of 140 megabits per second (Mbit/s), takes up far too much network capacity to be used routinely for videoconferences. The codec contains a computer which squeezes redundant information out of the signals by a technique called "conditional replenishment". All codecs in use today operate at 2 Mbit/s or less.

To achieve this, the system transmits only those parts of the picture which change from one frame to the next. When the cameras are fixed in one position — as in a videoconference studio — the background remains constant and can be stored in the codec without having to be retransmitted.

Less than half of the 2 Mbit/s ceiling is needed to give good quality pictures for meetings of up to six people in each studio, so long as the participants do not get too excited and start jumping up and down. The rate most commonly used in Europe is 768 kilobits per second (Kbit/s).

When there is only one person at each end, the transmission rate can be reduced further. Compression Labs Inc (CLI), the leading US supplier of videoconferencing equipment, sells a codec for personal videophones operating at only 56 Kbit/s — the same rate as a digital voice line.

Two companies — CLI and the UK joint venture GEC Plessey Telecommunications (GPT) — dominate the global market. Their products work to different standards and cannot interconnect. CLI developed proprietary standards at its laboratories in California, whereas GPT follows a European standard based largely on research work at British Telecom's Martlesham laboratory.

At present, almost all videoconferences take place between different sites within the same company. Because so little video communication takes place between companies, Timms says that the absence of a common standard has not so far held up growth.

For the future, the rival manufacturers are in the process of setting a world standard for the next generation of videoconferencing equipment, under the auspices of the Consultative Committee on International Telephony and Telegraphy (CCITT). The new standard will cover codecs from 64 Kbit/s to 2 Mbit/s. It is due to be completed in October and to take effect in July 1990.

Eventually it will enable users to interconnect anything from a personal videophone to a large-scale videoconference system, using the international digital communications network, says Norman Shilston, technical manager of GPT Video Systems. "It will establish a global network of dial-up video systems."

Although the costs of video equipment and transmission have fallen over the past three years, videoconferencing still requires a substantial investment. British Telecom charges about £150,000 to set up two videoconference rooms, including furniture and equipment.

The transmission costs depend on distance. A typical customer might lease a Megastream (2 Mbit/s) line from London to Edinburgh for £100,000 a year and use about one third of its capacity for videoconferencing and the remaining two thirds for transmitting computer data.

International videoconferencing is more expensive, of course. BOC, the multinational industrial gases and health care group, which is setting up a permanent videoconference link between its UK and US headquarters, expects to spend £1m in the first year and £½m a year subsequently.

On a typical day, two or three BOC employees cross the Atlantic on business. "We're sick and tired of spending two days travelling to do something that should take two hours," says Deb Chatterji, the company's vice president for technology.

Even so, Paul Bosonnet, BOC deputy chairman, says that the link cannot be justified financially in terms of direct savings in time and travel costs. But he expects substantial indirect benefits from more rapid and better informed corporate decisions. The facility will be used by both senior managers and technical staff (who will hold transatlantic meetings to discuss detailed engineering plans for new plants).

BOC tried out videoconferencing by holding a meeting of the board's executive committee with half the members in London and half in New York. At first, says Bosonnet, they felt very conscious of the cameras and microphones. They tended to shout and to look at their own images on the monitor screens. "But after about 15 minutes we settled down and had a normal meeting."

This experience is typical of people taking part in their first videoconference. Other users say that they grow accustomed to the technology very quickly. They forget that neither the sound nor the picture quality is quite up to the standard of a good video or television. And they soon stop making unfavourable mental comparisons between their colleagues and slick television performers.

Communications for the year 2000

CAMBRIDGE Consultants, the UK technology consultancy, is leading a European consortium of eight users and makers of mobile communications in a programme designed to examine what user needs will be for sending speech, data, pictures and video by the year 2000.

The work, costing £10m, is being funded 50:50 by the European Commission and the participants. It forms part of the EC's Race initiative (research into advanced communications for Europe).

The participants will be examining four areas. For example, the British Broadcasting Corporation and TRT, the Paris telecommunications subsidiary of Philips, will examine the communications needs of broadcasting and the emergency services in response to an accident or disaster. The challenge is to rapidly establish links that can carry large amounts of information.

DHL Worldwide Express of Brussels, the courier service, will work with Philips Radio Communications Systems to improve courier operations. One objective will be to facilitate the exchange of scheduling information using data links and perhaps video, as well as giving distribution centres more control over operations.

Radio support systems for public utilities will be examined by the UK Electricity Council Research Centre and the French telecoms company Alcatel. Although the utilities already use mobile radio extensively, the partnership will concentrate on the problems of sending text and graphics to people on the move.

The fourth group is German Railways and AEG Olympia. It will try to improve communications for both passengers and crews on moving trains.

A machine that answers inquiries

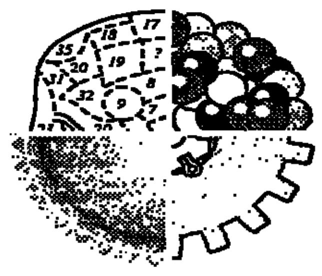
SEFER, of France, has devised a pair of printed circuit boards for an IBM PC, or compatible computer, which turn it into an intelligent answering machine.

Known as Vocatel, the system answers the phone and offers the caller a choice of two or three-word phrases with which he or she can pursue an inquiry. In response, the system will extract appropriate passages from up to 30 minutes of digitised speech held on 12 megabytes of hard disk.

Vocatel can recognise up to 100 words and because they are spoken only two or three at a time, the system does not have to be "trained" to respond to a specific user.

It can work on a "tree and branch" basis, allowing the user to obtain more detailed information. For example, a caller might be given an initial choice of theatre, cinema or concert hall. Choosing the last, he might then be offered a city's three main halls. Selecting one, he would then have the programme read over to him.

At £2,000, the system is mainly intended to provide an interactive public information service. But Sefer believes that it will also be attractive as a computer-based telephone answering system that does not rely on tape, delivers personalised messages and stores answers on hard disk.



WORTH WATCHING

Edited by Geoffrey Charlish

A smart rate of growth

THE 1989 Smart Card Annual, just published, forecasts that there will be 200m integrated circuit (IC) cards in circulation throughout the world in 1995 and that 60 per cent of them will be IC memory cards. The remainder will be smart cards — memory cards with processors.

Over the period, this signifies an average annual growth rate of 39 per cent for IC cards. The £2,195 report covers most aspects of the subject, including laser-optical cards.

Sticking to the ownership trail

A NEW UK company, Tagit Systems of Isleworth, has launched a marking system that protects domestic and industrial items against theft.

An aluminium label is used with an adhesive which the company claims makes it impossible to remove, except with a chisel or angle grinder. But, says Tagit, that would mark the underlying case or cabinet to such an extent that its resale value would be severely reduced and it would look suspicious. A second label could also be concealed inside the item.

Tagit goes beyond conventional marking. Each label has a unique number which is recorded in a computer databank with a description. This means that if the property is recovered, the registered owner can be rapidly established.

The majority of stolen property is never returned because of the difficulty of tracing the owner. This link, says the company, can now be established by phone in minutes.

A domestic Tagit package of 20 numbered labels, with instructions, logging form and database entry, costs £27.50.

Joint drive in erasable disks

A JOINT venture company, called Maxoptix Corporation, has been formed by Maxtor, the Californian data storage specialist, and Kubota, a Japanese manufacturing company.

The new company will develop erasable optical disk drives for data storage. Kubota will make the devices at a location yet to be decided. The Osaka company, which is investing $12m to acquire a 25 per cent equity share in Maxoptix, will have world manufacturing rights and exclusive rights to sales in Japan.

Maxtor will have exclusive marketing rights in the west and will also be responsible for research and development of optical erasable stores. It reports that its previously announced 5.25 in Tahiti drive has been well received and that production will start in the third quarter of this year.

CONTACTS: Cambridge Consultants: UK. 0223 358855. Sefer: France. 4951 2960. Smart Card Concepts: US, (415) 325 4357. Tagit: London, 588 0032. Maxtor: UK office, 04862 29814.

COMPANY NOTICES

COMMERZBANK

AKTIENGESELLSCHAFT

NOTICE IS HEREBY GIVEN that this year's Annual General Meeting of Commerzbank AG will be held in Düsseldorf on May 30, 1989.

AGENDA (abridged version)

1. To consider the Bank's established Annual Accounts, the Report of its Managing Directors on the Bank's Performance, the Report of its Supervisory Board, together with the Consolidated Annual Accounts and the Group Report, for the year ended December 31, 1988.
2. To approve the payment of a dividend of DM 9 per DM 50 nominal share, thereby also approving a payment to the holders of the Bank's profit-sharing certificates of 9.75% of the latter's face value.
3. To approve the actions of the Board of Managing Directors during the financial year 1988.
4. To approve the actions of the Supervisory Board during the financial year 1988.
5. To authorize the agreements with affiliated enterprises (affiliation agreements) that the Commerzbank has concluded with several subsidiaries and affiliates (private limited liability companies).
6. To appoint Treuarbeit as the auditors for the financial year 1989.

Shareholders in the United Kingdom who wish to attend and vote at the Annual General Meeting should inform either the London Branch of Commerzbank AG at 10/11 Austin Friars, London EC2N 2HE, or S.G. Warburg & Co. Ltd., 2 Finsbury Avenue, London EC2M 2PA, who will make the necessary arrangements. Such notice should be given by May 16, 1989.

Copies of the German version of Commerzbank's 1988 Annual Report will be available shortly from both Commerzbank and S.G. Warburg. The English version is currently being prepared.

COMMERZBANK AKTIENGESELLSCHAFT

HEALTHCARE GLOBAL FUND
S.I.C.A.V.
2, boulevard Royal — L-2953 Luxembourg
R.C. Luxembourg B-25162

Notice is hereby given that an

EXTRAORDINARY GENERAL MEETING

of shareholders will be held at the registered office at 2 boulevard Royal, Luxembourg on April 21, 1989 at 3.30 p.m. in order to resolve about the following:

- Amendment of the articles, including amendment of article 3 to insert the word «transferable» before the word «securities» in the first paragraph and to replace the reference to the law of August 25, 1983 by that to the law of March 30, 1988 in the second paragraph, as well as other amendments to articles, 8, 11, 12, 13, 17, 20, 22, 23, 25, 27 and 30 required or permitted by the law of March 30, 1988 to adjust the articles to provide for indefinite duration of the life of the Corporation and to make into account certain changes of general company law and to make some further amendments to article 22.
- Any other amendments required by any supervisory authority and/or deemed necessary by the legal adviser of the Corporation.

The shareholders are advised that a quorum of one half of the shares outstanding is required for the holding of the meeting and resolutions will be passed by an affirmative vote of two/thirds of the shares present or represented at such meeting.

In order to attend the meeting of April 21, 1989 the owners of bearer shares will have to deposit their shares FIVE clear days before the meeting at the registered office of the Company or with Banque Internationale à Luxembourg, 2 boulevard Royal, Luxembourg.

The Board of Directors

HEALTHCARE GLOBAL FUND
S.I.C.A.V.
2, boulevard Royal — L-2953 Luxembourg
R.C. Luxembourg B-25162

Notice is hereby given to the shareholders, that the

ANNUAL GENERAL MEETING

of shareholders of HEALTHCARE GLOBAL FUND will be held at the head office of Banque Internationale à Luxembourg, Société Anonyme, 2, boulevard Royal, L-2953 Luxembourg, on Friday, April 21, 1989 at 3.00 p.m. with the following agenda:

1. Submission of the report of the Board of Directors;
2. Approval of the Statement of Net Assets and of the Statement of Operations as at December 31, 1988;
3. Allocation of net results;
4. Discharge of the Directors and of the Statutory Auditor with respect of their performance of duties for the year ended December 31, 1988;
5. Receipt of and action on nomination of the Directors and of the Auditor;
6. Miscellaneous.

The shareholders are advised that no quorum is required for the items on the agenda of the Annual General Meeting and that decisions will be taken on a simple majority of the shares present or represented at the meeting with no restriction.

In order to attend the meeting of April 21, 1989, the owners of bearer shares will have to deposit their shares FIVE clear days before the meeting at the registered office of the Company or with Banque Internationale à Luxembourg, 2 boulevard Royal, L-2953 Luxembourg.

The Board of Directors

YORKSHIRE BUILDING SOCIETY
£10,000,000 Floating Rate Subordinated Notes due 1999

In accordance with the terms and conditions of the notes, notice is hereby given that for the three months period from April 11, 1989 to July 11, 1989 the notes will carry an interest of 14.015630 pct (including the margin of 0.75 pct).

The coupon amount so calculated payable on July 11, 1989 will be £3,494.31 for the denominations of £100,000.

MIDDLE WITWATERSRAND (WESTERN AREAS) LIMITED
Reg. No. 05/04469/06
Incorporated in the Republic of South Africa

Closing of Transfer Books and Register of Members
Notice is hereby given that the transfer books and registers of members of the Company will be closed for the period 2 to 5 May 1989, both dates inclusive, for the purpose of determining those persons entitled to attend the General Meeting to be held on 5 May 1989 at 75 Fox Street, Johannesburg.

By Order of the Board
Anglo-Transvaal Trustees Limited
London Secretaries
per: D. Adams

London Secretaries
295 Regent Street
London W1R 8ST

12 April 1989

LEGAL NOTICES

SELECT SUPPLIES LIMITED

Registered number: 2052644
Trading name: Select Transport
Nature of business: Light Road Haulage.
Trade classification: 28.
Date of appointment of joint administrative receivers: 3 April 1989.
Name of person appointing the joint administrative receivers: Lloyds Bank plc.
JOHN FREDERICK POWELL and IAN NAPIER CARRUTHERS
Joint Administrative Receivers
(Office holder nos 249 and 814) of Cork Gully
43 Temple Row
Birmingham
B2 5JT

LEGAL NOTICES

JOHN TOON & PARTNERS LIMITED
IN RECEIVERSHIP

NOTICE IS HEREBY GIVEN, pursuant to section 48 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above named company will be held at The Penguin Hotel, New Street, Birmingham on Thursday 20 April 1989 at 11.00 am for the purposes of having laid before it the report prepared by the joint administrative receivers in accordance with the said section and, if thought fit, appointing a Committee.

Creditors whose claims are wholly secured are not entitled to attend or vote at the meeting. Creditors who are partly secured may only vote in respect of the balance of the amount due to them after deducting the value of the security, as estimated by them. A creditor in respect of a debt due on, or secured by, a bill of exchange or promissory note must treat the liability of any person who is liable on the bill antecedently to the company as a security held by him (unless that other person is subject to a bankruptcy order or in liquidation).

Creditors wishing to vote at the above meeting must lodge a written statement of their claims with us at Cork Gully, 43 Temple Row, Birmingham B2 5JT no later than 12 noon on 19 April 1989. Forms of proxy which, if intended to be used, must also be lodged with us by that time.

DATED this 5th day of April 1989

John F Powell
Joint Administrative Receiver

THE CRYSTAL COMPANY WALES LIMITED

Registered number: 2016028
Trading name: Welsh Royal Crystal; Regency Valley Company.
Nature of business: Manufacturers of Glass Crystal products.
Trade classification. Glass manufacturers
Date of appointment of joint administrative receivers. 30 March 1989
Name of person appointing the joint administrative receivers: Welsh Development Agency.
J P Considine and H G Jones
Joint Administrative Receivers
(Office holder nos 58 and 158) of Cork Gully, Churchill House, Churchill Way, Cardiff.

ART GALLERIES

The Lefevre Gallery, 30 Bruton Street, London W.1. 01-493-2107. An Exhibition of works by Jean-Baptiste-Camille Corot. 6th - 28th April. Mon - Fri 10am - 5pm. Sat 10am - 12.30 pm.

COMMODITIES AND AGRICULTURE

Strong demand pushes tin price above $10,000

By David Blackwell in London and Wong Sulong in Kuala Lumpur

WORLD TIN prices continued their inexorable rise yesterday. The spot European free market price rose above the $10,000 a tonne mark in the morning, and ended the day $300 ahead at $10,237.50 a tonne.

Analysts believe the market, which is being mainly driven by European demand, is now on course to test $11,000 a tonne. Their confidence that the bull trend will persist is based on the low level of stocks and little prospect of any significant production increases for this year.

Earlier prices on the Kuala Lumpur took another big leap, rising by 68 cents to reach 27.17 ringgit a kilogramme, equivalent to $9,898 a tonne.

"There was good demand all the way, and the Europeans are buying two to three months ahead, in anticipation of prices going up even further" said a trader.

When the market opened at 26.49 ringgit, there were bids for 625 tonnes, while offers for sale amounted to 40 tonnes.

At 27 ringgit, there were bids for 170 tonnes and offers for 73. At 27.17 ringgit, bids and offers were matched at 113 tonnes.

Traders said the market was also buoyed by the outcome of the emergency session of the Association of Tin Producing Countries on Tuesday. The ATPC confirmed there was a "temporary shortage" in the market, and authorised its members to dispose off whatever available stocks they have.

It estimated that at the end of March, world stocks amounted to 30,350 tonnes, comprising 13,383 tonnes in concentrates and 16,969 tonnes in metal, half of which are locked in due to litigation.

"It looks like the tightness in the market will persist for a few more weeks at least as the smelters are already working at full capacity to meet demand," said a trader.

BHP oil find lifts Timor Sea prospects

By Bruce Jacques in Sydney

BROKEN Hill Proprietary has improved the prospects of the Timor Sea, Australia's only important new oil frontier, with the largest oil find in the area.

The company told stock exchanges yesterday that drilling on the Challis-8 well had found a 77m oil column and a drill-stem test was being run before completing the well for production.

The significance of the intersection is that BHP now expects to connect seven production wells to a floating oil platform to be installed later this year rather than the three wells on which the project was initially based.

BHP also announced yesterday that another well in the region, Jabiru-8A, would be suspended as a potential producer.

BHP has a 50 per cent interest in the Challis well. Other leading partners include Esso, Santos, Ampol Exploration and Norcen International.

Gold unlikely to glitter in 1989

Kenneth Gooding on a report which foresees no short-term upturn

THE GOLD price weakness last year and, so far, in 1989 is not the begining of a major cyclical downturn "but should be viewed as an interruption in the rally that began in 1985 which should be expected to resume, with vigour, in the next few years," according to the annual review of the gold market released by Goldman Sachs, the securities group.

Investor disenchantment with gold is behind the weakness, compounded by a fall in central bank gold buying which supported the price last year in the absence of strong investor demand, it says.

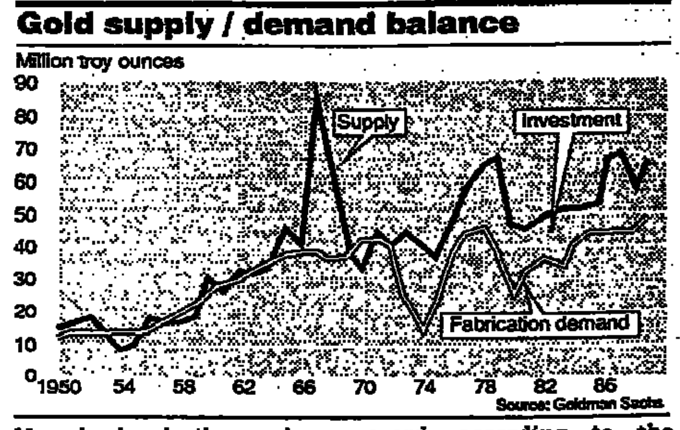
These factors could take the price down as far as $335 to $355 a troy ounce this year and the annual average price might decline by 10 per cent to 15 per cent from the 1988 level to $370 to $395 an ounce.

On an annual average basis, gold prices fell by 2.4 per cent in 1988 to $437 and ounce, from $447 in 1987.

The review indicates that total gold supply was stable last year at 64m ounces. A 13 per cent increase in mine production outside South Africa was offset by a decrease in secondary recovery.

Christian, Podleska, and van Musschenbroek, the precious metals research and consulting group which produced the report and are Goldman Sachs' commodity market consultants, suggest total gold supply this year will rise by 5.5 per cent to a record 67.5m ounces.

Gold supply / demand balance



The main propellant will be a 15 per cent rise in non-South African production to 27.5m ounces. Mine production in South Africa is expected to rise slightly, by 2 per cent to 19.5m ounces.

Fabrication demand for gold, rose about 4.2 per cent in 1988 to 45m ounces, probably a record, according to the review. A further 6.8 per cent increase to 48.1m ounces is projected for this year.

CPM points out that the factors which stimulate investment demand have not vanished – inflationary pressures and expectations, higher interest rates, volatile currency markets, financial market and economic uncertainties.

These "have been postponed by the elongation of the (world) economic expansion but should reappear in the next few years."

However, a rebound should not be expected until inflation and interest rates increase sufficiently to threaten US expansion, the review suggests.

It goes on to contest the idea that gold prices no longer react to political events: "The fact is that gold prices have always been, and remain, sensitive to the political events that hold the potential of inflicting harm on gold investors, miners and others in the gold market."

For example, gold prices responded forcefully when the fundamentalist Islamic revolution took control of Iran and threatened to spill over into other nations in the Gulf, since gold was the most important component of savings in the region and a fairly transportable form of wealth.

The review briefly analyses outlooks for silver, platinum and palladium. It says silver prices are under downward pressure because of weak industrial and investor demand.

Platinum has been influenced by a long-term surplus of the metal and short-term supply disruptions. Platinum prices are expected to trade in the $450 to $550 an ounce range during 1989, rising as high as $600 to $625 an ounce.

Government orders rapid review of fruit spray

By Bridget Bloom, Agricultural Correspondent

THE British ministry of agriculture has ordered an urgent review into a pesticide sprayed onto apples and pears as a growth regulator.

Alar, also known as daminozide, is reported to be a possible cause of cancer in the US where may be banned.

According to UK officials, the Advisory Committee on Pesticides will meet next week to review evidence received from the US Environmental Protection Agency on the pesticide. The Committee is expected to report within 10 weeks, a comparatively short period for such a review.

No advice has been issued to growers on whether or not they should continue to use the chemical. However, the ministry yesterday made much of a statement issued last month by the US Surgeon General and endorsed by the US Department of Agriculture, to the effect that it remained perfectly safe to eat apples.

Alar is made under license in the UK by Dow and is said to be used on about 7 per cent of the apple and pear crops. It is used to ensure a well-developed crisp apple and can be applied to trees in blossom or early fruit development.

Zimbabwean hopes more than pipe dreams

Tony Hawkins on prospects for tobacco prices in Harare after the start of auctions

ZIMBABWE'S 1989 flue-cured tobacco auctions opened on a buoyant note this week with leaf prices averaging 381 cents a kilogram (190 US cents) on the first day - up 40 per cent on last year's opening.

It is always dangerous to read too much into the first day's sales but the firm start to the sales has heartened industry optimists who are predicting a modest increase in prices this year.

Following an erratic summer in which Southern Zimbabwe experienced severe drought while farmers in the far north had too much rain, both buyers and growers expect the overall leaf quality to fall short of last year's vintage standards. But a high-quality crop is still likely and the combination of good quality, continuing depreciation of the Zimbabwe currency and modest growth in world tobacco demand should ensure a further improvement in prices, though nothing to match last year's 80 per cent increase.

Since independence in 1980 output has risen a mere 6 per cent from 122.6m kilograms to a forecast peak of 130m kgs in the current year. In spite of this, the domestic-currency value of the crop has increased nearly fourfold from Z$97.5m in 1980 to Z$472m last year, primarily reflecting currency fluctuations rather than market influences. Indeed, the US dollar value of the crop increased 70 per cent during this period from US$155m to $265m.

In Zimbabwe dollar terms, the average leaf price rose from 80 cents a kilogram in 1980 to 313 cents in 1986. There was then a sharp setback and prices plummetted in response to the poor-quality drought-stressed crop offered at the auctions.

Last year's vintage crop caught the buyers' imaginations and the price rose 80 per cent to a record of 393 cents. The 400 per cent increase in the Zimbabwe leaf price (in local currency) compares with only a 20 per cent increase in the price on the US market and this massive discrepancy is largely explained by the steep devaluation of the Zimbabwe dollar from US$1.58 in 1980 to US$0.49 at present. Indeed, in US dollar terms, last year's auction-floor price was lower than that paid by merchants in 1981/2.

Forecasting auction floor prices is a hazardous business. A year ago, the top brass of the Zimbabwe Tobacco Association which represents the growers forecast a leaf price of 330c - 16 per cent short of the average reached for the season when the floors closed in September.

This year, there are two quite distinct schools of thought. On the one hand, the pessimists are predicting a price in the region of 380 cents to 400 cents - little different from last year's 393 cents. They argue that the 1988 price was the result of an exceptional quality crop that matched buyer preferences in a way unlikely to be repeated this year.

Zimbabwean Tobacco Prices 1980-89

Year	Crop Size (M/Kg)	Ave per Kg (US Cents)
1980	122.6	126
1981	68.9	265
1982	86.9	222
1983	94.3	188
1984	119.6	166
1985	106.0	166
1986	114.3	188
1987	128.0	131
1988	119.9	221
1989	130.0†	n/a

†forecast

The optimists believe that the 1989 crop quality will not be substantially different from last year and that with prices advancing on both the Brazilian and US markets in response to demand expansion, the Zimbabwe leaf price should increase by at least 5 per cent to between 410 cents and 420 cents. They argue too that since the sales opened last year, the Zimbabwe dollar has slipped a further 13 per cent against the US currency and if only half of this is translated into higher auction-floor prices, the seasonal average will reach 420 cents.

Its impossible to exaggerate the industry's importance to the Zimbabwe economy, contributing some 20 per cent of total exports and 6 per cent of Gross Domestic Product. This year the auction sales have assumed an even greater significance because production of other major crops - maize and cotton in particular - will be lower following the erratic rainfall experienced over the past 4 months.

During 1988, agricultural output rose 23 per cent as the country recovered from the 1987 drought, and this was the main source of Zimbabwe's 5.3 per cent economic growth during the year. This year, however, agriculture's contribution seems unlikely to increase by much more than 5 per cent and the bulk of this will have to come from tobacco.

Even if the pessimists are right and the price averages an unchanged 393 cents, the value of leaf production will still rise 8 per cent to Z$510m (US $252m) thanks to the increase in the crop to 130m kgs from 120m last year. The optimistic scenario implies a flue-cured crop valued at some Z$545m (US $270m) and this would add almost 1 per cent to nominal GDP in 1989.

Tobacco's share in total exports fell below 18 per cent last year from a post-independence average of more than 20 per cent. Tobacco exports in 1988 were worth Z$517m (US $286m) but in 1989 they are forecast to exceed Z$600m leaving tobacco way out in front as an export-earner with gold exports, valued at Z$450m, in second place.

After a period of declining profitability in the mid-80s, tobacco is once again one of the most profitable crops and production seems likely to grow more rapidly in the 1990s, with some analysts forecasting a crop of 150m kgs by 1992.

The industry's comeback has its origins in the adoption of a successful forward-looking strategy focussed on the maintenance of quality, the exploitation of market niches and,above all,ensuring that domestic cost escalations are partially offset by currency depreciation.

In the last 20 years, African producers of primary products have lost market share virtually across the board. The success of Zimbabwean tobacco is a reminder that such losses are not inevitable and can be reversed if appropriate policies are adopted.

Cocoa falls on talk of rising Ivory Coast supply

By David Blackwell

COCOA PRICES fell to their lowest levels for nearly six months in London yesterday as the fundamental world oversupply re-asserted itself.

On the London Futures and Options Exchange (Fox) the July contract lost £22 a tonne to close at £772 on talk in the physical market that more Ivory Coast beans are becoming available.

The Ivory Coast, the world's biggest producer, has for 15 months been withholding its top quality cocoa because it believes prices have been too low. It has been refusing to sell below FFr 1,200 a kilogram (£1,100 a tonne), but an Economist Intelligence Unit report last week said there was evidence that its minimum price was being less rigidly applied.

There was talk yesterday of a premium of only £100 a tonne over the May contract for Ivory Coast cocoa. This compares with premiums of more than £250 a tonne over the nearby contract at times last year.

At the beginning of this year the Ivory Coast concluded a controversial deal with Sucres et Denrees, the French trade house, for 400,000 tonnes of cocoa. The move caused some London trade houses to cut their activities in the physical cocoa market.

While the Ivory Coast has had some success in keeping prices up, forecasts of excess supply over demand have risen. Both Gill & Duffus and the International Cocoa Organisation recently put the surplus at 199,000 tonnes for the year.

Smooth start to Singapore oil futures

A SMOOTH start to deliveries of high sulphur fuel oil contracts traded on the Singapore International Monetary Exchange has boosted confidence in Asia's first energy futures, analysts said, Reuter reports from Singapore.

A total of 266 lots of 100 each tonnes were in open position for deliveries when the first trading month of April expired. The Exchange said in two oil majors, two bunker traders and two independent oil traders were involved.

WEEKLY METALS PRICES

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 2,050-2,110 (2,070-2,110).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 6.20-6.50 (6.35-6.60).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 7.00-7.25 (7.10-7.40).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 7.35-7.60 (same).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 260-280 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.80-3.90 (same).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 7.30-8.00 (same).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO, cif, 55-65 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb VO, cif, 9.40-9.80 (9.50-9.90).

URANIUM: Nuexco exchange value, $ per lb, UO, 11.20 (11.60).

WORLD COMMODITIES PRICES

LONDON MARKETS

LEAD prices advanced on the London Metal Exchange yesterday on European trade buying, breaking through the £360 a tonne level. But the decline in nickel prices which started on Monday is expected to continue, according to analysts, before end-users are likely to be attracted to the market. Zinc prices also retreated, and traders said the failure of the market to maintain its recent rally prompted renewed selling in expectation of a test of the $1,595 a tonne level for three-month high grade metal. This was last week's 2½-month low, which saw a good volume of support. Precious metals closed higher, supported by a steadier market in New York. Palladium is still being boosted by speculative interest prompted by the recent nuclear fusion experiments.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.70-6.80z	+0.05
Brent Blend	$19.05-9.15z	-.075
W.T.I. (1 pm est)(May)	$20.50-0.60z	-.165
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$267-269	+2½
Gas Oil	$157-159	-1
Heavy Fuel Oil	$90-93	-2
Naphtha	$176-178	-3
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$387.25	+2.00
Silver (per troy oz)♣	580c	+5
Platinum (per troy oz)	$530.50	+2.15
Palladium (per troy oz)	$168.00	+5.15
Aluminium (free market)	$2100	+25
Copper (US Producer)	145½-151c	+9½
Lead (US Producer)	37.5c	
Nickel (free market)	550c	-15
Tin (European free market)	$10237.5	+300
Tin (Kuala Lumpur market)	27.17r	+0.68
Tin (New York)	472c	+17
Zinc (US Prime Western)	90½c	
Cattle (live weight)†	119.87p	+2.22*
Sheep (dead weight)†	247.53p	+10.6*
Pigs (live weight)†	85.86p	+4.70*
London daily sugar (raw)	$298.4v	+4.4
London daily sugar (white)	$331.5v	+5.5
Tate and Lyle export price	£286	+4
Barley (English feed)	£116.0	
Maize (US No 3 yellow)	£133.25	
Wheat (US Dark Northern)	£125.25v	
Rubber (spot)♥	60.50p	+0.50
Rubber (May) ♥	68.75p	+0.75
Rubber (Jun) ♥	68.25p	+0.25
Rubber (KL RSS No 1 May)	304m	+2
Coconut oil (Philippines)§	$540.50v	
Palm Oil (Malaysian)§	$382.50	
Copra (Philippines)§	$350	
Soyabeans (US)	$166z	
Cotton "A" index	73.60c	+0.70
Woolltops (64s Super)	560p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. v-Apr/May. u-Mar. q-Apr. x-May/Sep. w-May/Jun. z-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low	
May	760	784	784	755
Jul	772	794	790	763
Sep	781	806	802	779
Dec	813	835	832	810
Mar	803	826	820	801
May	803	826	820	801
Jul	811	830	820	810

Turnover: 12112 (9808) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 12: 975.58 (1010.40); 10 day average for Apr 13: 1023.75 (1032.76).

COFFEE £/tonne

	Close	Previous	High/Low	
May	1120	1110	1120	1105
Jly	1085	1073	1090	1069
Sep	1042	1045	1052	1040
Nov	1034	1034	1039	1025
Jan	1032	1037	1036	1035
Mar	1033	1037	1039	1035
May	1034	1037	1035	1028

Turnover: 3402 (3344) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 11: Comp. daily 115.23 (115.90) ; 15 day average 114.74 (114.38).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low	
May	265.00	264.40	274.20	263.00
Aug	264.00	263.00	271.00	262.00
Oct	263.00	262.20	267.80	261.00
Mar	261.00	261.00	259.00	
May	256.00	255.60	260.00	256.60
White	**Close**	**Previous**	**High/Low**	
May	331.50	329.00	334.50	330.50
Aug	323.50	322.50	326.00	323.00
Oct	315.50	312.50	318.00	314.00

Turnover: Raw 3444 (3060) lots of 50 tonnes. White 1519 (2147).
Paris- White (FFr per tonne): May 2110, Aug 2070, Oct 2000, Dec 1945, Mar 1925, May 1930.

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jul	May	Jul
1950	163	150	7	59
2050	86	97	30	104
2150	38	59	78	163
Copper (Grade A)	**Calls**		**Puts**	
2900	280	207	10	107
3100	110	114	38	209
3300	30	50	177	347

WOOL

Australian wool values eased at the first sales to be held since the Easter recess. This was not forecast by most observers and is said to be due to a sudden decline in competition from Japanese buyers. The market has established some steadiness after the first easing and clearances to the trade remain very good. European conditions continue more or less depressed, with the UK worse placed than others because of high interest rates and the effects of a long period of relatively dear sterling. There is short-time working in many firms and deliveries are not going out well according to several reports. Top prices are softer with 64s super quoted at 645p per kg, and 58s average at 440.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 22,625 tonne
Cash	2095-100	2100-5	2102	2101-2		
3 months	2045-50	2057-8	2065/2030	2056-7	2046-50	30,392 lots
Copper, Grade A (£ per tonne)						Ring turnover 41,950 tonne
Cash	1881-2	1900-5		1883-5		
3 months	1801-2	1816-8	1806/1796	1799-800	1800-1	71,616 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	586-8	581-4		578-80		
3 months	596-600	593-6		590-2		354 lots
Lead (£ per tonne)						Ring turnover 13,875 tonne
Cash	361-1.5	348-50	364	363-4		
3 months	363-4	354-5	364.5/355	364-5	361-2	9,521 lots
Nickel ($ per tonne)						Ring turnover 1,206 tonne
Cash	14500-600	14600-800	14500	14475-500		
3 months	14350-400	14600-50	14600/14300	14300-50	14350-400	7,194 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 6,725 tonne
Cash	1680-5	1720-5	1700/1695	1699-700		
3 months	1650-3	1680-5	1667/1650	1666-8	1660-5	8,520 lots
Zinc ($ per tonne)						Ring turnover 10,075 tonne
Cash	1655-60	1730-40	1700/1699	1699-700		
3 months	1617-9	1645-7	1630/1610	1620-30	1612-15	12,331 lots

POTATOES £/tonne

	Close	Previous	High/Low	
May	144.0	142.0	144.5	137.0
Nov	92.0	92.0	89.0	
Feb	104.0	104.0		
Apr	136.1	138.0	136.0	133.5

Turnover 417 (874) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Apr	162.00	162.00	
Jun	153.50	153.00	152.50
Aug	150.00	149.30	149.00
Oct	150.40	150.00	150.00

Turnover 611 (2195) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low	
Apr	1642	1642	1655	1640
May	1630	1624	1651	1630
Jul	1395	1390	1405	1395
Oct	1488	1480	1500	1488
Jan	1535	1530	1535	
Apr	1583	1573	1583	
BFI	1622	1621		

Turnover 626 (236)

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
May	121.50	122.80	122.30	121.50
Jun	122.25	123.35	123.00	122.25
Sep	104.90	105.40	105.30	104.90
Nov	107.20	107.65	107.55	107.20
Jan	110.25	110.70	110.30	110.25
Barley	**Close**	**Previous**	**High/Low**	
May	111.00	111.30	111.30	110.95
Sep	101.70	101.90	101.70	
Nov	104.70	104.90	104.70	104.50
Jan	107.70	107.85	107.70	
Mar	110.75	111.00	110.70	

Turnover: Wheat 343 (454), Barley 86 (19).
Turnover lots of 100 tonnes.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	387-387½	228½-229
Opening	384-384½	227-227½
Morning fix	384.15	227.146
Afternoon fix	387.25	228.858
Day's high	388-388½	
Day's low	383-384¼	
Coins	**$ price**	**£ equivalent**
Mapleleaf	396-403	235-238
Britannia	396-403	235-238
US Eagle	396-403	235-238
Angel	396-403	235-238
Krugerrand	387-390	228½-230½
New Sov.	90-91	53-54
Old Sov.	90-91	53-54
Noble Plat	527.35-535.25	310.40-315.60
Silver fix	**p/fine oz**	**US cts equiv**
Spot	344.20	582.00
3 months	355.55	597.00
6 months	366.95	612.05
12 months	390.80	646.55

US MARKETS

THE METALS MARKETS were all higher in active trading, reports Drexel Burnham Lambert. Gold gained over 2 dollars on trade and bank participation. Dealer buying elected buy-stops in the silver fueling its rally. Copper rose on mostly local short covering. Lack of fund buying in the market prevented further gains. Platinum felt support from the other metals. In the softs, cocoa futures was the busiest market as news of the Ivory Coast seeking bids prompted scattered selling. Volume for the day was over 11,000. Sugar prices rallied on rumours of Russian tender business before trade selling near the highs pushed prices back down. Coffee trading was quiet with prices closing almost unchanged. The livestock markets featured commercial short covering in the hog futures. Pork bellies edged higher from a slightly bullish out of town storage report. Cattle prices fell on a weak cash market put pressure on the futures. The grains all closed higher with the soy complex posting the largest advance. The May soybeans rose 7 cents. Commission house selling weakened the crude and heating oil markets while gasoline futures continued to rally.

New York

GOLD 100 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	388.2	385.8	388.6	385.0
May	389.3	387.0	0	0
Jun	392.1	389.9	393.0	388.8
Aug	397.2	395.0	398.7	393.8
Oct	402.9	400.7	402.9	399.3
Dec	408.4	406.4	410.5	405.0
Feb	414.2	412.0	414.7	414.0
Apr	419.9	417.7	0	0
Jun	425.7	423.5	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	531.8	528.5	533.0	526.0
May	531.8	528.5	530.0	530.0
Jul	533.5	530.0	536.0	529.5
Oct	535.0	531.6	536.0	531.5
Jan	537.3	533.5	539.0	537.0
Apr	539.8	536.0	537.0	537.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Apr	585.0	577.0	0	0
May	588.5	580.3	594.0	584.5
Jun	594.9	591.7	0	0
Jul	603.3	597.3	605.0	595.0
Sep	611.7	606.3	613.0	606.5
Dec	627.4	624.1	632.0	623.0
Jan	632.9	629.3	0	0
Mar	643.9	639.9	642.0	640.0
May	654.5	650.8	656.0	654.0
Jul	665.1	661.6	665.0	665.0

CRUDE OIL $/barrel

	Close	Previous	High/Low	
Jun	18.31	18.44	18.40	18.16
Jul	17.62	17.72	17.65	17.44
Aug	17.10	17.25	17.10	
IPE Index	18.38	18.72		

Turnover: 5721 (5690)

GAS OIL $/tonne

	Close	Previous	High/Low	
May	153.50	154.75	153.75	151.00
Jun	148.00	150.00	148.00	147.25
Jul	147.00	150.50	148.00	147.00
Aug	151.00	149.75	151.00	
Oct	154.00	154.50	154.00	152.00
Nov	153.00	155.75	153.00	149.00
Dec	155.00	156.50	155.00	

Turnover 4618 (6146) lots of 100 tonnes

INDICES

REUTERS (Base: September 18 1931 = 100)

Apr 11	Apr 10	mnth ago	yr ago
2017.0	2012.9	2001.2	1731.6

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	137.09	136.68	137.84	130.63
Futures	137.24	137.67	141.07	133.46

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	142.70	141.00	142.90	141.80
May	142.20	140.00	143.30	140.50
Jun	138.40	136.10	0	0
Jul	134.70	132.30	135.50	132.50
Sep	128.20	126.40	128.80	126.80
Dec	121.70	120.60	121.75	120.70

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
May	20.48	20.63	20.61	20.38
Jun	19.70	19.74	19.84	19.62
Jul	19.09	19.08	19.19	18.99
Aug	18.56	18.54	18.63	18.50
Sep	18.20	18.14	18.22	17.96
Oct	17.90	17.83	17.90	17.70
Nov	17.65	17.59	17.66	17.50
Dec	17.35	17.37	17.34	17.40
Feb	17.00	17.02	17.05	17.00

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jun	5085	5121	5110	5016
Jul	4995	5027	5015	4925
Aug	5010	5052	5035	4950
Sep	5080	5102	5080	5040
Oct	5130	5157	5130	5100
Nov	5180	5212	5180	5160
Dec	5220	5267	5210	5200
Jan	5220	5292	5220	5220

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1272	1328	1290	1262
Jul	1226	1279	1243	1220
Sep	1225	1271	1235	1221
Dec	1240	1287	1250	1240
Mar	1250	1280	1250	1240
May	1250	1280	1250	1250
Jul	1226	1279	1243	1220

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	132.60	132.81	133.75	131.70
Jul	127.21	127.14	127.80	126.00
Sep	122.25	122.37	122.75	121.25
Dec	118.60	118.75	118.45	118.00
Mar	117.18	118.08	117.50	116.50
May	118.25	117.50	0	0
Jul	118.55	117.50	0	0
Sep	117.00	120.13	120.00	120.00

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	12.01	11.94	12.42	11.85
Jul	11.90	11.86	12.23	11.80
Oct	11.80	11.75	12.05	11.70
Jan	11.10	11.11	0	0
Mar	11.42	11.45	11.68	11.40
May	11.48	11.38	11.44	11.43
Jul	11.46	11.38	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	64.20	64.48	64.80	63.75
Jul	65.20	65.45	65.75	64.95
Oct	66.10	65.21	65.55	64.85
Dec	64.36	64.62	64.84	64.30
Mar	65.10	65.33	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	168.80	170.00	170.70	167.90
Jul	171.60	172.60	173.25	170.90
Sep	158.05	158.50	158.76	158.00
Nov	155.25	154.00	155.55	155.00
Jan	154.60	153.35	0	0
Mar	154.60	153.35	0	0
May	154.60	153.35	0	0
Sep	154.60	153.35	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	727/4	720/4	730/0	724/0
Jul	738/4	732/2	741/0	735/2
Aug	738/0	732/4	741/0	735/4
Sep	725/6	721/0	729/0	719/4
Nov	721/4	717/6	725/0	719/4
Jan	731/0	727/4	733/4	730/0
Mar	739/4	735/4	741/4	738/0
May	746/0	744/0	747/0	744/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	22.43	22.27	22.50	22.26
Jul	23.09	22.88	23.15	22.89
Aug	23.34	23.18	23.45	23.14
Sep	23.59	23.42	23.65	23.45
Oct	23.81	23.66	23.90	23.65
Dec	24.22	24.09	24.27	24.05
Jan	24.41	24.18	24.50	24.36
Mar	24.82	24.65	24.90	24.65

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	224.4	222.1	225.0	223.3
Jul	224.2	221.1	224.5	222.3
Aug	221.2	218.5	221.5	220.0
Sep	218.4	218.0	219.0	218.0
Oct	217.2	215.6	217.5	216.5
Dec	216.6	214.7	216.9	215.1
Jan	215.7	214.6	216.0	215.0
Mar	215.4	214.5	215.4	215.4

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	257/6	255/4	258/0	256/2
Jul	264/2	259/6	265/0	267/2
Sep	262/0	258/0	262/0	260/2
Dec	261/4	257/6	262/0	259/0
Mar	268/0	265/0	268/0	266/4
May	272/2	269/0	273/0	270/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	405/0	401/0	405/4	397/4
Jul	384/0	377/6	384/2	376/4
Sep	387/0	382/0	387/0	381/0
Dec	396/4	392/0	396/4	390/4
Mar	405/6	401/0	406/0	401/0
May	415/0	410/0	415/0	410/0
Jul	411/4	408/0	414/4	410/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	78.40	77.80	77.42	76.45
Jun	75.20	71.15	71.57	70.65
Aug	67.47	67.05	68.12	67.00
Oct	68.05		68.12	68.40
Dec	70.60	69.97	70.25	69.70
Feb	70.60	70.20	70.70	70.10
Apr	71.70	71.10	71.70	71.10

LIVE HOGS 30,000 lb; cents/lb

	Close	Previous	High/Low	
Apr	39.95	39.82	40.17	39.75
Jun	45.85	45.57	46.05	45.40
Jul	45.50	45.02	45.95	45.55
Aug	43.90	42.52	44.00	43.55
Oct	41.95	41.77	42.05	41.60
Dec	43.20	42.95	43.10	42.80
Feb	44.85	44.55	44.67	44.40
Apr	43.70	43.40	43.70	43.55

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	33.80	33.25	33.87	32.85
Jul	33.85	33.45	34.15	33.50
Aug	33.10	32.85	33.25	32.60
Feb	48.95	47.85	48.55	47.65
Mar	48.45	46.92	47.10	46.55
May	47.55	46.45	47.10	46.55
Jul	47.60	47.20	0	0

LONDON STOCK EXCHANGE

Equity rally fails to stay the course

CONFIRMATION that Beecham and SmithKline Beckman of the US have agreed to a merger which would create a new £9bn international pharmaceuticals group provided the feature of an eventually unsuccessful rally in the London equity market yesterday. A market which had opened higher in the wake of New York was driven further ahead as an early surge in Beecham set alight the whole drugs sector.

The broad range of the market followed suit at first but the excitement soon died down, leaving equities prey to renewed worries over the outlook for interest rates, now exacerbated by nervousness over the implications for sterling of the threatened dock strike.

Account Dealing Dates

*First Dealings:	Apr 3	Apr 17	May 8
Option Declarations:	Apr 13	May 4	May 18
Last Dealings:	Apr 14	May 5	May 19
Account Day:	Apr 24	May 15	May 30

*New time dealings may take place from 9.00 am two business days earlier.

The initial recovery from the recent period of uncertainty in equities brought an early gain of nearly 15 FT-SE points, but this was soon whittled away when it became clear that buyers had no intention of chasing prices ahead. At the close, the FT-SE Index was a mere 1.7 points up at 2,033.0, and market traders continued to look apprehensively in the direction of the FT-SE 2,000 mark threatened earlier in the week. Turnover, at 464.2m shares through the Seaq system, was little different from Tuesday.

While yesterday was free from significant economic data, the UK markets are cautious ahead of a batch of statistics due before the end of the week on both sides of the Atlantic. Today brings the latest figures on UK wage trends, a pointer of major significance for inflation concerns.

However, the crucial test comes on Friday with the announcement of the UK Retail price Index for March; any sign that domestic inflation has exceeded the 8 per cent peak predicted by Mr Nigel Lawson, the Chancellor of the Exchequer is likely to upset the stock market. Friday also brings the latest US trade figures.

The Beecham/SmithKline announcement was regarded by many as the opening shot in what could well prove a clash among international pharmaceutical companies. London analysts suggested that the agreed terms might not satisfy international arbitrageurs and could sound the alarm for a general battle for control of both parties to the proposed merger. Some pointed to Hoffman-La Roche, the Swiss group thwarted last year in a US bid, as a likely player in any international merger game.

Outside the pharmaceuticals sector, interest was moderate and owed much to technical considerations surrounding the expiration of current option series contracts. The market drew little benefit from favourable trading statements from a batch of leading companies, including Tesco, the food supermarket group, and RMC, a major force in the UK construction industry.

FINANCIAL TIMES STOCK INDICES

	Apr 12	Apr 11	Apr 10	Apr 7	Apr 6	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	85.92	86.06	86.16	86.08	86.54	91.09	89.29 (6/2)	85.92 (12/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.77	96.77	97.16	97.24	97.48	96.04	99.59 (15/3)	95.83 (4/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1674.0	1672.8	1669.4	1683.0	1684.2	1435.0	1761.1 (14/3)	1447.8 (3/1)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	187.1	185.6	187.2	189.0	188.9	220.7	196.1 (28/3)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.59	4.60	4.61	4.56	4.55	4.48				
Earning Yld %(full)	11.15	11.19	11.21	11.05	11.03	11.72				
P/E Ratio(Net)(*)	10.83	10.79	10.78	10.92	10.94	10.46				
SEAQ Bargains(5pm)	24,050	24,473	24,973	25,295	32,839	23,497				
Equity Turnover(£m)†	-	1142.37	991.02	1494.28	1682.13	1393.58				
Equity Bargains†	-	26,809	28,193	30,098	39,844	24,880				
Shares Traded (mil)†	-	445.1	412.6	570.6	650.0	461.8				

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1683.6	1684.8	1680.9	1676.1	1676.6	1676.3	1676.8	1674.1

DAY'S HIGH 1687.4 DAY'S LOW 1673.7

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ☆Nil 10.73 †Excluding intra-market business. * Corrected figure.

● S.E. ACTIVITY

Indices	Apr 11	Apr 10
Gilt Edged Bargains	96.2	91.2
Equity Bargains	173.7	182.7
Equity Value	2309.0	2003.1
5-Day average		
Gilt Edged Bargains	101.0	102.3
Equity Bargains	221.6	254.6
Equity Value	2596.8	2651.5

● London Report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	5,800	147	-3	Cookson	1,500	291	-4	Laporte	486	433	+1	Royal Bk of Scotland	544	385	+5
Allied-Lyons	1,900	440	-4	Courtaulds	770	291	+½	Legal & General	349	323		Royal Insurance	1,500	416	+3
Amstrad	748	143	-2	Dalgety	211	349	-2	Lloyds Bank	2,100	350	-5	STC	820	325	+10
Argyll Group	1,800	179	+2	Dixons	6,500	149		LASMO	13	434		Saatchi & Saatchi	1,000	296	+2
Ass. Brit. Foods	888	329	-2	Eng. China Clays	1,603	510	-1	Lonrho	1,100	316	+1	Sainsbury	2,300	224	+2
BAA	920	345		Enterprise Oil	357	521	+6	Lucas	1,300	613	+4	Scot & Newcastle	452	289	-2
BAT Inds.	1,700	545	+4	FKI Babcock	1,100	169	+1	MB Group	2,700	272	-4	Sears	2,500	118	
BET	461	255	+1	Fisons	5,900	294	+3½	MEPC	232	548		Shell Transport	1,400	382	+1
BICC	342	488	+3	Gateway Corp.	8,700	173	-6½	Marks & Spencer	3,300	158	-1½	Siebe	351	467	+1
BOC	1,600	474	-11	General Accident	153	961	-4	Maxwell Comm.	319	206		Slough Ests	335	309	+1
BPB Inds.	2,300	249	+2	General Elect.	4,800	222½	-½	Midland Bank	813	440	-2	Smith & Nephew	6,700	143½	+½
BTR	1,700	350	-3	Glaxo	5,800	1372	+27	Nat. West. Bank	984	569	-3	Smiths Industries	1,200	304	+1
Barclays	2,900	426	-5½	Globe Inv.	79	163½		Next	5,970	145		Standard Chartered	1,800	525	+2
Bass	697	879		Glynwed Int.	549	309	+1	Northern Foods	437	293		Storehouse	3,300	164	+1
Beecham	16,000	615	+14	Granada	627	361	-4	Pearl	353	415	-1	Sun Alliance	270	1104	-12
Blue Circle	1,650	558	+5	Grand Met.	1,400	519	-4	Pearson	245	704	+1	T & N	1,000	209	-1
Boots	3,500	264	+5	GUS A	230	979	+3	P & O	71	663	+4	TSB	3,800	109½	-2
Brit. & Comm.	2,100	205	+1	GRE	154	201	-2	Pilkington	542	237½	-½	Tarmac	1,600	296	+3
Brit. Aerospace	1,100	555	+1	GKN	415	356	+5	Plessey	1,900	264	+5	Tate & Lyle	145	226	-1
British Airways	885	196	-1	Guinness	1,900	447	+5	Polly Peck Intl.	3,000	319	-3	Taylor Woodrow	278	606	
British Gas	2,000	177	-2	Hammerson "A"	2	769	+3	Prudential	5,300	172½	-5½	Tesco	7,000	158	+5
British Land	373	365	+2	Hanson	3,800	179¼		RHM	448	375		THORN EMI	865	670	-2
BP	2,000	274½	-½	Harrisons & Cros.	239	743	+5	RMC	787	648	-5	Trafalgar House	1,400	371½	-1
British Steel	12,000	82¼	+½	Hawker Siddeley	577	633	-5	RTZ	589	521	+1	Trusthouse Forte	1,600	282	-3
British Telecom	2,600	270	+1	Hillsdown Hldgs	560	242	-2	Racal	3,200	383½	+2½	Ultramar	3,700	293	+3
Burmah Oil	654	535	+10	IMI	142	219	-1	Rank Org.	65	908	-2	Unilever	1,400	525	
Burton	928	201	+2	Imp. Chem.	1,400	1166	+1	Reckitt & Colman	544	1079	+17	United Biscuits	1,300	309	-3
Cable & Wireless	3,500	467	+6	Inchcape	447	250	+1	Redland	246	526		Utd. Newspapers	152	435	-3
Cadbury Schweppes	1,350	342	+3	Jaguar	1,300	302	+5	Reed International	2,000	390	-4	Wellcome	1,100	492	-5½
Carlton Comms.	139	844		Kingfisher	550	273		Reuters "B"	2,300	718	+11	Whitbread "A"	1,900	343	-6
Commercial Union	714	368	-6	Ladbroke	729	529	-3	Rolls Royce	5,800	182½	+½	Williams Hldgs.	359	261	-1
Cons. Gold Fields	2,330	1353	+20	Land Securities	254	558		Rothmans	700	481	+10	Wimpey	1,300	274	+5

Beecham advances on deal

Admiration rippled through the market on hearing of the Beecham-SmithKline Beckman merger plan. "One of the cleverest deals I've ever seen," said one marketmaker; "I can't believe SKB would go for $62," said another. Beecham shares rose more than 40 ahead during early busy trading. Profit-taking then pricked the ballon and the shares subsided to 615p, a rise of 14 on the day. Turnover was 16m.

Analysts were united in the view that Beecham shareholders were getting a good deal. Both Dr Arnab Banerji of Nomura Securities and Ms Jo Walton of Shearson Lehman Hutton said if the merger went ahead smoothly it valued Beecham shares at up to 730p.

Both analysts were concerned that the deal might not go through. Ms Walton said that half the SKB shares were held by US arbitrageurs looking for $75 and Dr Banerji was concerned that the merger terms might not have valued SKB highly enough in the light of the proposed divestment of non-core activities.

Marketmakers felt the deal would go ahead, but this was not reflected in the price. SKB eased slightly to around the effective offer level, suggesting that the deal was on, but Beecham's late decline indicated it might fail. "And no one's brave enough to do the arbitrage," said a marketmaker.

Sema intrigues

Sema Group, one of the UK's biggest independent software suppliers, was the subject of a market raid by securities house BZW which attempted to buy up to 4.5 per cent of the company at 319p a share. BZW was thought by marketmakers and analysts to have been buying the stock on behalf of Cap Gemini Sogeti (CGS), the French software house which already has a 20.1 per cent stake in the UK group. Sema closed up 31 at 321p.

Dealers thought that the BZW raid failed to net the 4.5 per cent aimed for, and most were bemused by CGS's moves to increase its stake in Sema. "Some 60 per cent of Sema's shares are in tight hands and I'm at a loss to see how CGS could make a bid unless they offered something out of the ordinary to prise the stock from the firm holders," said one trader.

Paribas, the French bank has a 39 per cent stake in Sema, held since 1964, and is viewed as fully supportive of the company while Paribas associates CIN and Credit Agricole have some 11 per cent between them. Other stakes include Dutch software house Volmac with 5.2 per cent and Scottish Amicable with 3.3 per cent. Shares in public hands before yesterday's buying amounted to around 19.2 per cent.

"I'm puzzled by today's events as are most other analysts I've talked to about Sema," said one top sector researcher. "Perhaps they are playing it for the very long term, or maybe they are winding up for a big premium offer the other holders can't refuse. But even by paying a 10 per cent premium yesterday for only 4 per cent or so they failed to get the stock," he added.

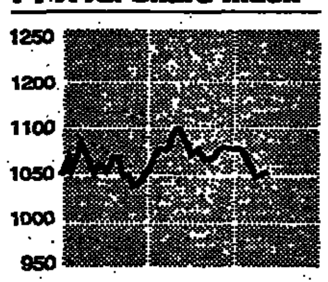
April option expiry

A spurt of buying of Consolidated Gold Fields' shares appeared to reflect the expiration of the current share option series, rather than any sudden shift of sentiment towards Minorco's final offer of around £3.5bn for the Gold Fields equity. Market strategists put little faith in rumours that the legal injunctions against Minorco in the US had been withdrawn, either by Newmont Mining, 48 pc owned by Gold Fields, or by the US judge; Gold Fields quickly denied any intervention and analysts remembered that the US judge is away from court until next week.

Gold Fields shares flirted with £14 on the inter-dealer-broker screens before settling back to 1345p, a net 12 up. Turnover jumped sharply as New York opened to bring a final total of 2.3m shares.

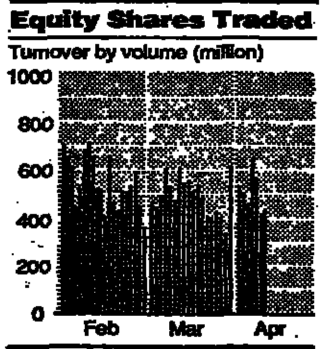
With Minorco's bid due to lapse on April 26 and the Gold Fields board still implacably opposed, the shares remain short of the bid value of around £15.50 apiece. In this situation, the institutions are inclining to the view that Minorco's offer represents a fair price, and should be accepted, and some urge possible legal pressure on the Gold Fields board to abandon its resistance.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



Mecca disappoints

Analysts gnashed their teeth when Mecca Leisure posted pre-tax profit of £30.2m. Many felt that the company had given the impression last autumn that the figure would be around £34.5m and the price fell 11 to 189p on a busy 5.7m turnover. Analysts admitted that the interpretation of the figures was far from clear-cut, because the results included 15 months of contribution from Mecca and two months from Pleasurama.

Nevertheless, Ms Julie Feaver, leisure analyst at County NatWest WoodMac, cut her profit forecast for the current year from £110m to £98m, maintained her short-term sell recommendation and recommended caution a year out. Mr Roy Owens, her counterpart at Kitcat and Aitken, also cut his forecast, from £110m to £102m, but pointed out that the company was holding presentations for institutional investors late yesterday and today which might focus sentiment more clearly.

The proposed merger of Beecham and Smithkline Beckman focused attention on pharmaceuticals. "The deal will link the valuations of US and UK pharmaceutical stocks. Many will say that Glaxo is undervalued compared to its US counterparts," said one analyst. Glaxo duly jumped 27 to 1372p, while Reckitt and Colman (up 17 at 1079p) and Boots (5 better at 264p) were dragged upwards in the excitement.

ICI firmed just a penny to 1166p amid some talk that it might try to buy parts of Beecham and SKB due to be sold off. Wellcome lost 6 to 492p after two days of strong rises.

Confirmation of the Morgan Stanley downgrading of TSB kept the latter's shares under pressure and they settled a further 2 off at 109½p on turnover of 3.8m.

News that BZW has downgraded it 1989 profits forecast for Prudential cast a shadow over the latter's shares where an early minor decline was turned into a steep loss later in the day when the final quotation was 172½p, a net fall of 5½; turnover came out at a bigger-than-usual 5.3m.

Mr Alan Curtis at BZW has cut his forecast of pre-tax profits for the year from £395m to £360m with the net profit figure cut from £290m to £225m.

A whisper that Abbey National may well be considering buying a life assurance group triggered bid speculation in London & Manchester which moved up 2 to 269p after 275p.

A busy building sector showed Blue Circle Industries well supported and 5 up at 558p.

Among mixed retail stocks Marks & Spencer weakened 1½ to 158p on turnover of 3.3m shares as concern spread about current trading conditions. One broking house has already lowered its profits forecast for the coming year; UBS Phillips & Drew has revised its estimate for earnings in the year-end March 1990 downwards from £575m to £550m.

Next held steady at 145p but were again heavily traded; 6.2m shares changing hands during the session. Although press reaction to Tuesday's disappointing figures was his less than complimentary, there are those in the market who believe the stock is worth a "buy" on recovery grounds. Leading the bulls in Next is Citicorp Scrimgeour Vickers. "Now is the time to increase holdings while a few doubters still remain," advised Citicorp's retail team.

Ratners fell 3 to 206p as recent speculation that the group might buy Houston-based US jewellery chain Gordons proved unfounded. Ratners is due to release full-year figures next Monday and broker Hoare Govett is forecasting £80m. There is a feeling, however, that earnings could come in nearer £85m.

Aquascutum "A" shares dropped 5 to 98p after the menswear retailer disappointed the market with final pre-tax profits of £2.5m, down from £2.9m last year.

The BZW raid on Sema focused attention on the other software houses and especially on Logica, one of the largest of the UK independents and where there are no big share stakes. Logica shares jumped 17 to 371p.

Supermarket group Tesco pleased the market with a 23 per cent rise in profits to £276m. The shares improved 5 to 158p on turnover of 7m. "The figures obviously benefited from the spate of store openings in the past year," said Mr Philip Dorgan, foods analyst with US broker Goldman Sachs.

Gateway slipped 6½ to 173p as the predicted management buy-out failed to materialise. Turnover was again impressive; 11m shares went through the system during the day.

A B Ports put on 12 at 570p as fears of a damaging dock strike eased.

Some in the market were surprised that the 62 per cent rise in full year profits at Cannon Street Investments was greeted by a fall of 16 to 269p in the share price.

Avis Europe's 33 per cent profits jump was well ahead of forecasts and the price firmed 7 to 371p. Mr Chris Avery, analyst at Citicorp Scrimgeour Vickers, is changing his recommendation on the stock from a hold to a buy.

The two combatants in the tussle for control of Addison Consultancy were both believed to be buying heavily yesterday. Turnover boosted to 6.3m shares and dealers were convinced that MAI, the financial services and advertising group currently in talks with Addison, had purchased another 5 per cent of Addison's equity.

French group Motivaction was also thought to be increasing its stake, last reported as 18 per cent. Addison reported dismal annual results yesterday but traders were not interested and the shares rose to the best this year of 43½p.

Speculation that Mountleigh might bid for Control Securities returned to haunt the property sector. Mountleigh edged 3½ higher to 160p while Control added 3 at 68p. Helical Bar jumped 14 to 320p on hopes that Japanese group Fujitsu's decision to build a microchip plant in County Durham will lead to further development in the surrounding area; Helical Bar has industrial property interests in the region.

A handful of the oil stocks outperformed the rest of the equity market, despite the weaker trend in crude oil prices.

Enterprise moved up 6 more to 521p after the positive note issued by broking house BZW. A "buy" recommendation from Steve Turner at Smith New Court triggered another strong showing by Ultramar whose shares moved up 3 to 293p on 3.7m; the Smith analyst has upped his forecast for 1989 from £80m to £90m and is going for a net dividend of 9.5p. "We like Ultramar, partly on currency views and partly on the very good fundamentals for the stock. We're very bullish of the downstream businesses in North America and see earnings expanding at such a rate that we don't think the shares contain any bid premium," Mr Turner concluded.

Polly Peck traded briskly but within a narrow price range after producing 16-month profits which, at £144.1m, slightly bettered market expectations.

Business in traded options was again at a relatively high level, reaching 56,236 contracts, made up of 40,783 calls and 15,453 puts, as the approaching three-week account, to cover the May Day holiday, brought the April expiry date in individual stocks to an unusually date in the month.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 27

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (128).
AMERICANS (17) CANADIANS (4) Abbot Energy, Inland Gas, Madeleine Mines, Trans. Can. Pipe. BANKS (6) BREWERS (2) Highland Dists., Macdonald Martin A, BUILDINGS (6) Intl. Amco, Needler Group, CHEMICALS (4)Akzo, Allied Colloids, BASF, Yorkshire Chems., ELECTRICALS (8) ENGINEERING (6) FOODS (2) American Dist., Dairy Farm Intl., INDUSTRIALS (28) ABM, Assoc. Brit. Ports, Aukett Assoc., Beaverco, Beecham, Bridgend Group, Computer People, Doctus, Elkem AS, Epicure Hldgs., Feedex Agric., Glaxo, Harris (Ph.), Harlow, Hawtal Whiting, Hay (Norman), Huntingdon Intl. Hldgs., ISA Intl., Jacksons Bourne End, Johnson Cleaners, Keep Trust, London Finance & Invs., Marling Ind., Ramco Oil, Silentnight, Smith & Nephew, Trafalgar House, Wassall, INSURANCE (4) LEISURE (1) Classic Th'breds, MOTORS (2) Abbey Panels, Airflow Streamlines, PAPERS (1) Fairway (London), PROPERTY (4) SOUTH AFRICANS (1) Tongaat-Hulett, TRUSTS (22) OILS (3) Coastal Corp., Hamilton Oil, Norsk Hydro, OVERSEAS TRADERS (1) GN Gt Nordic, MINES (16) THIRD MARKET (2) Haemocell, Poddington.

NEW LOWS (91).
BRITISH FUNDS (57) INT.BANK & O'SEAS GOVT. STLG. ISSUES (8) FOREIGN BONDS (2) Hydro Quebec 15pc 2011, Iceland 14½pc Ln 2016,CANADIANS (1) Geodome Res., BUILDINGS (1) Baldwin, CHEMICALS (1) Wardle Storeys, STORES (2) Stirling Group, Tie Rack, ELECTRICALS (3) National Tele., Nesco Invs., Star Comp., FOODS (2) Barr (A.G.), Matthews (B.), INDUSTRIALS (4) Bodycote Intl., De La Rue, Metal Closures, Wade Potts., PAPERS (2) Assoc. Paper, Smith (David S.) TEXTILES (1) Drummond Group, TRUSTS (1) Clayton Robard, OVERSEAS TRADERS (1) Lonrho, MINES (4) Anglo Dominion, Asia Oil & Minerals, Monarch Res., Paragon Res., THIRD MARKET (1) Eglinton Expl.

APPOINTMENTS

Lloyds Bank support and development manager

Mr John Hutchinson, assistant general manager (personal banking), has been appointed to the new post of general manager, support and development, UK retail banking, at LLOYDS BANK. He is succeeded by Mr Gordon Pell, previously chief manager, West Hertfordshire. Mr Alistair Strang, divisional manager (support services), becomes chief manager, support and development, and will deputise for Mr Hutchinson.

■ Mr Mike Waddell has been appointed managing director of P.C. Henderson, part of the home products division of HEPWORTH. He succeeds Mr Angus Clark who has been appointed divisional managing director of G.R. Stein, refractories division of the group. Mr Waddell was divisional managing director of Rentokil's timber preserving division.

■ Mr Jeffrey Pearson and Mr Terence Higgins have been appointed directors of H.T. HUGHES, Portsmouth, and Mr Robert Gregory has been made a director of subsidiaries J. McKinney & Son and H.T. Hughes & Son (Transport).

■ HOUSEHOLD MORTGAGE CORPORATION has appointed Mr Michael J. Parris as head of marketing and business development, supported by four senior managers, Mr Brian Pitt, Mr John Mawdsley, Ms Fiona Underwood, and Mr Colin McLaren, and three managers, Mr Roger Brown, Ms Jane Hockenhull, and Mr Clive Willson. Ms Deborah Hall has been appointed marketing manager, and Mr Richard Anderson joins as senior manager of underwriting.

■ Mr Warren Edwardes has been promoted from an assistant director to director - financial engineering, in the capital markets division of CHARTERHOUSE BANK. Mr Robert Dix has been promoted from an assistant director to director - financial control.

■ MEDMINSTER has appointed Mr Archie Hindley to the board from wholly-owned subsidiary Gimberts. Mr Colin Leahy has been appointed director and chief executive of Cube Shipping, another subsidiary, succeeding Mr Gerry Hardisty, who has resigned.

Group changes at RTZ Pillar

■ Within the RTZ PILLAR GROUP, RTZ's primary industrial business, Mr Roger F. Leverton, chief executive of Pillar Electrical (formerly MK Electric group), has been appointed president and chief executive officer of Indal, Toronto, from June 1. Mr John W. Ray succeeds him as chief executive of Pillar Electrical from May 1. Mr Ray is managing director of Catnic, part of Pillar Building Products Group. He will be succeeded by Mr Peter Morgan, currently financial director and deputy managing director. Mr Frank Phillip has been appointed marketing director of Peak Technologies, and Digital Audio, both Pillar Electrical companies. He was business development manager of Ferguson.

■ Mr Patrick Crosthwaite has been appointed managing director and Mr Martin Riley investment director of HENDERSON CROSTHWAITE. Mr Nicholas de Courcy-Ireland, Mr Heriot Perry and Mr Michael Shafran have been appointed directors. Mr Keith Millar remains chairman, and has also been appointed a director of Guinness Flight Global Asset Management. Both companies are subsidiaries of Guinness Mahon Holdings.

Subsidiary ANZ posts

■ Mr John F. Ries has been appointed managing director of ANZ McCAUGHAN (UK), London, in addition to his responsibilities as managing director, Grindlays Bank, and director, Europe, South Asia, Middle East and Africa, of Australia and New Zealand Banking Group.

ANZ McCaughan (UK) is the holding company for two principal operating subsidiaries, ANZ McCaughan Merchant Bank, and ANZ McCaughan (Securities).

Mr John Curry, director-corporate finance, has been appointed managing director of ANZ McCaughan Merchant Bank. In ANZ McCaughan Securities (UK) a clearer distinction between dealing and agency broking has been made with Mr Bryan Cavill becoming joint managing director responsible for dealing and administration, and Mr Russell Middleton as joint managing director responsible for agency broking and research.

Mr Bill Clarke remains chairman of the holding company and ANZ McCaughan Merchant Bank, and Mr Andrew Hugh Smith becomes chairman of ANZ McCaughan (Securities) UK.

Mr Bev Walters, managing director of the UK merchant banking activities, will be taking a new post.

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ▲ - 1401 to 1700 hours; ● - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes contained in last column of the FT Unit Trust information pages.

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FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Windsor Trust Mngrs Ltd (1200)F						
83 Kingsway, London, WC2B 6SD						01-405 8331
Convrbl & Equity	5	63.02	65.73	69.93	+0.08	5.48
European	5	61.39	61.81	65.75	+0.37	0.21
Far Eastern	5	57.93	58.00	61.70	+0.71	0.94
Growth Inc	5	87.28	90.61xd	96.39	+0.30	1.48
Growth Acc	5	87.28	90.61xd	96.39	+0.30	1.48
Income Inc	5	80.47	82.24	87.49	+0.48	3.63
Income Acc	5	80.47	82.24	87.49	+0.48	3.63
Property Share	5	54.68	54.68	58.27	+0.30	1.12
Smaller Co's	5	58.73	61.86	65.80	+0.13	1.46
Formerly RBC Trust Managers Ltd						
Nth American	5	55.45	55.45	59.29	+0.59	1.83
International	5	44.41	44.41	47.48	+0.29	1.90
Wright Seligman Fund Mngrs Ltd (1600)H						
13 Blomfield St, London EC2M 7AY						01-588 0592
Growth	5	95.57	95.57	100.57		6.92
Weekly dealing day Tuesday						
The Yorkshire Unit Tst Mngrs Ltd (1100)F						
Woodsome Pk, Fenay Bdge, Huddersfield						0484 602250
Yorkshire General	5¼	60.99	63.35	67.39		(a)3.01
YUTM UK Eqy Inc Tst	5¼	58.31	60.70xd	64.57		(z)4.73
YUTM Intl Gwth Tst	5¼	46.84	46.84xd	50.60		(z)1.09

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gr's
Baillie Gifford & Co Ltd				
Int'l Expt Feb 15	428.8	445.3		
Cent. Bd. of Fin. of Church of England‡‡				
2 Fore Street, London EC2Y 5AQ				01-588 1815
Inv Fund Mar 31	498.00			4.76
Fxd Int Sec Mar 31	142.20			10.06
Deposit Mar 31	100.00			12.56
Charities Official Invest. Fund‡‡				
2 Fore Street, London EC2Y 5AQ				01-588 1815
Income Mar 31	472.94			5.05
Accum Mar 31	1541.14			–
Edinburgh Fund Mngrs PLC				
Exempt Funds				
American Apr 12	124.2	127.6	-1.1	1.77
Managed Apr 12	124.1	128.7	-8.7	2.23
Japan Apr 13	137.4	141.2	-2.3	0.34
Pacific Apr 7	426.5	438.2	+3.5	0.2
Sm Jap Cos Apr 7	259.2	266.3	-4.5	0.10
Fidelity Investment Services Ltd				
Mngd Pens P'follo	114.9	117.6	+0.40	1.67
Robert Fleming Asset Mngmt Ltd				
Am Exempt Apr 11	£354.58	359.77		1.87
Gen Exempt Apr 11	£119.85	122.28		3.88
Jap Exempt Apr 11	£653.22	666.22		0.48
Indexed Exempt Mar 30	£110.74	113.52		4.01
O'seas Indxd Expt Mar 30	£102.41	104.73		1.92
Foreign & Colonial Pens Mngt Ltd				
Exempt Funds				
Anglo-Nippon	1824.6	1914.7	-24.8	–
European Inc	92.1	97.0	+0.2	–
European Acc	96.6	101.7	+0.2	–
Managed Exempt	131.7	137.0	-2.8	–
North American	450.2	466.8	-3.5	–
South East Asia	262.5	276.5	-1.9	–
Funds in Court*				
Capital Mar 17	440.9	442.9xd		2.90
Gross Mar 17	201.5	202.1		6.68
High Yield Mar 17	291.3	292.5		5.49
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd	46.09	49.12xd	+0.34	3.15
Lazard Investors Ltd #				
Exempt Funds				
Small Co's Apr 10	4354.4	4768.5		1.4
European Apr 10	409.5	434.5		0.8
American Apr 10	300.6	309.5		2.2
Far Eastern Apr 10	677.9	719.1		0.2
Australian Apr 10	129.4	137.1		2.6
Ridings Mar 13	221.1	239.1		0.8
Northumbria Mar 10	194.9	208.7		1.4
North West Mar 10	263.4	285.1		0.7
East Count Mar 15	90.4	95.6		1.2
W Midlands Mar 31	207.7	224.2		1.5
Ind Lnk Mrt Mar 28	138.5	140.7		3.8
Property Apr 6	3140.0	3300.0		4.8
Inc Gilt Prp Oct 1	1420.0	1480.0		6.8
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ				01-588 1815
Property Mar 31	229.30			5.74

	Bid Price	Offer Price	+ or -	Yield Gross
Allied Dunbar Assurance Plc				
Allied Dunbar Ctr, Swindon SN1 1EL				0793 514514
Fixed Int. Dep. Acc	257.6	272.2	+0.1	–
Equity Acc	832.5	886.3	+0.8	–
Property Acc	485.8	511.4	+0.1	–
Far East Acc	196.2	206.6	+1.1	–
European Acc	21.3	22.5	+0.1	–
Managed Acc	644.1	678.0	+0.7	–
Managed Cap	366.5	385.8	+0.4	–
O'seas Earnings Acc	539.8	568.3	+0.3	–
Gilt Edged Acc	311.2	327.6		–
American Equity Acc	419.1	441.2	+4.2	–
American Man. Acc	195.2	205.5	+1.9	–
American Prop Acc	139.6	147.0	+0.7	–
Pen. F.I. Dep. Cap	283.5	298.5	+0.1	–
Pen. F.I. Dep. Acc	482.8	508.3	+0.2	–
Pen. Prop. Cap	569.0	599.0	+0.1	–
Pen. Prop. Acc	1069.9	1126.3	+0.3	–
Pen. Man. Cap	790.5	832.2	+9.3	–
Pen. Man. Acc	1485.8	1564.1	+17.5	–
Pen. Gilt Edg. Cap	312.4	328.9	-0.1	–
Pen. Gilt Edg. Acc	479.9	505.2		–
Pen. Eq. Cap	1291.6	1359.6	+18.2	–
Pen. Eq. Acc	1840.0	1936.9	+25.2	–
Pen. Am. Eq Cap	133.0	140.1	+1.7	–
Pen. Am. Eq Acc	159.7	168.2	+2.2	–
Pen. Far East Cap	235.8	248.3	+2.9	–
Pen. Far East Acc	283.1	298.1	+3.4	–
Pen. Euro Cap	23.9	25.2	+0.2	–
Pen. Euro. Acc	25.8	27.2	+0.2	–
Pen. B.S. Acc	527.5	553.9	+0.2	–
Pen. B.S. Cap	318.4	334.4	+0.1	–
Pen. D.A.F. Acc	369.9	369.9	+0.1	–
Pen. D.A.F. Cap	250.7	250.7	+0.1	–
Pen. Mortgage Cap	142.4	149.9		–
Pen. Mortgage Acc	171.0	180.0		–
Swing Funds				
Pen Eqo Cap	26.8	28.3	+0.2	–
Pen Eqo Acc	27.8	29.3	+0.2	–
Pen Am Eq Cap	29.1	30.7	+0.3	–
Pen Am Eq Acc	30.1	31.7	+0.2	–
Pen Far East Cap	30.1	31.7	+0.5	–
Pen Far East Acc	31.1	32.8	+0.5	–
Pen Euro Cap	32.5	34.3		–
Pen Euro Acc	33.7	35.5		–
Japan Capel Funds				
Pen Eqo Cap	27.8	29.3		–
Pen Eqo Acc	28.7	30.3		–
Pen Am Eq Cap	28.7	30.3	-0.1	–
Pen Am Eq Acc	29.8	31.4	-0.1	–
Pen Far East Cap	29.4	31.0	+0.1	–
Pen Far East Acc	30.4	32.1	+0.1	–
Pen Euro Cap	29.3	30.9	+0.1	–
Pen Euro Acc	30.4	32.0	+0.1	–
Ambassador Life Assce. Co Ltd				
80 Holdenhurst Rd, Bournemouth				0202 292345
Equity Fund Acc	149.8	157.7	+1.1	–
American Life Insurance Co UK				
2-8 Altyre Road, Croydon CR9 2LA				01-680 6000
Life Funds (Accumulation Units)				
Premier Managed(z)	143.3	150.9	+0.2	–
Alpha Managed(z)	109.8	115.6		–
HICA Managed(z)	87.7	92.2	-0.2	–
UK Equity(z)	121.4	127.9		–
Deposit(z)	112.5	118.5	+0.1	–
Property(z)	170.1	179.1	-0.6	–
American(z)	85.6	90.1	-0.4	–
Far Eastern(z)	124.2	130.8	+0.3	–
International(z)	106.3	111.9	+0.1	–
Fixed Interest(z)	93.4	98.4	+0.1	–
European(z)	99.8	105.1	+0.3	–
Pension Funds (Accumulation Units)				
Premier Managed(z)	163.8	172.5	+0.2	–
Alpha Managed(z)	113.2	119.2		–
HICA Managed(z)	89.6	94.1	-0.3	–
UK Equity(z)	129.6	136.4	-0.1	–
Deposit(z)	121.1	127.5		–
Property(z)	196.5	206.9	-0.6	–
American(z)	87.0	91.6	-0.4	–
Far Eastern(z)	133.2	140.2	+0.4	–
International(z)	107.1	112.8	+0.1	–
Fixed Interest(z)	98.3	103.5	+0.1	–
European(z)	101.6	107.1	+0.4	–
Cash Guaranteed(z)	102.5	108.0	+0.1	–
Initial Unit prices available on request.				
Avon Insurance Plc				
Tiddington Rd, Stratford-upon-Avon CV37				0789 204211
Bonus Fund	66.84	68.21		
Barclays Life Assur. Co Ltd				
252 Romford Road, London E7				01-534 5544
Barclaybond	450.2	474.0	+3.0	–
Managed Accum	379.0	399.0	+2.4	–

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross
MEL Britannia Assce Co Ltd				
Milton Court, Dorking, Surrey				0306 887766
Capital Growth	122.0	128.4	+1.2	–
Managed Income	117.3	123.5	+1.0	–
Cap Gwth Ser B	112.4	118.3	+1.0	–
Mngd Income Ser B	105.1	110.6	+0.5	–
RBA UT Portfolio	106.9	106.9	-0.4	–
Mastercare				
Managed Bldg Soc	96.5	101.6		–
MIM Brit Mgd Eastern	98.9	104.1	+0.7	–
Baring Mgd American	96.3	101.4		–
Fidelity Mngd Euro	99.4	104.6		–
Gartmore Mgd U.K.	96.2	101.3		–

Continued on next page

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	Bid Price	Offer Price	+ or −	Yield Gross
Pioneer Mutual Insurance Co Ltd				
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655				
Managea Fund	289.1	304.4	−4.5	—
Man Pens Inv & Cas Fds	377.7	397.6	−7.6	—
Money Fund	118.4	124.7	+0.2	—
Pens Mngd Fd (Init)	98.8	104.0	−3.4	—
Pens Mngd Fd (Acc)	118.5	124.8	−4.0	—
Pens FT30 Fd (Init)	139.4	146.8	−3.4	—
Pens FT30 Fd (Acc)	167.3	176.2	−3.7	—
Pens O'seas MgFd(Init)	70.7	74.5	−1.0	—
Pens O'seas MgFd(Acc)	84.9	89.4	−1.2	—
Pens Fxd Int Fd (Init)	103.9	109.4	−0.5	—
Pens Fxd Int Fd (Acc)	124.7	131.3	−0.5	—
Pens Deposit Fd (Init)	104.2	109.7	+0.1	—
Pens Deposit Fd (Acc)	125.0	131.6	+0.3	—
Premium Life Assurance Co Ltd				
37-39, Perrymount Road, Haywards Heath 0444 458721				
American	113.0	119.0	+2.0	—
Building Soc. Fd	169.0	178.0	—	—
Balanced	274.0	289.0	+1.0	—
European	160.0	169.0	+2.0	—
GT Managed	176.0	186.0	+2.0	—
Gartmore Mngd	113.0	119.0	+1.0	—
German	110.0	116.0	+2.0	—
Gilt	174.0	184.0	−1.0	—
Global	48.0	51.0	—	—
High Inc	116.0	123.0	—	—
International Equity	183.0	193.0	+2.0	—
Japan	240.0	253.0	+1.0	—
Managed	62.0	66.0	—	—
Property	276.0	291.0	—	—
R. W. Imperial Gold	134.0	142.0	—	—
UK Equity	365.0	385.0	+1.0	—
Pension Funds				
American	138.0	146.0	—	—
Building Soc. Fd	168.0	177.0	—	—
Balanced	212.0	224.0	—	—
European	158.0	167.0	—	—
German	98.0	104.0	—	—
Gilt	148.0	156.0	—	—
International Equity	135.0	143.0	—	—

	Bid Price	Offer Price	+ or −	Yield Gross
Prudential Holborn Pensions Ltd				
30 Old Burlington St, London W1X 1LB 01-439 3134				
Managed	531.2	559.2	+3.3	—
Equity	762.9	803.1	+6.9	—
Global Equity	222.2	233.9	+1.9	—
Fixed Interest	395.8	416.7	−0.8	—
Property	380.0	400.0	—	—
Cash	153.2	161.3	+0.1	—
Index Linked Gilt	194.0	204.3	+0.1	—
Guaranteed	12.50		+0.44	—
International Money	196.2	206.6	−0.4	—
North American	61.3	64.6	+0.4	—
Japanese	133.3	140.4	+0.1	—
European	84.4	88.9	+0.7	—
Special Situations	111.3	117.2	+0.7	—
Communications	94.7	99.7	+0.3	—
Smaller Companies	104.9	110.5	−0.1	—
International Small Cos	118.1	124.4	+1.3	—
Prudential Pensions Limited				
Holborn Bars, London EC1N 2NH 01-405 9222				
Discretionary Mar 29	£148.94	154.09	—	—
Equity Mar 29	£164.06	170.08	—	—
International Mar 29	£23.87	24.59	—	—
Intl Bond Mar 29	£11.41	11.57	—	—
Fixed Int Mar 29	£71.51	72.47	—	—
Index Linked Mar 29	£60.42	61.16	—	—
Property Mar 29	£106.30	112.70	—	—
Cash Mar 29	£20.4200	20.4200	—	—
Pru-Linked Retirement Plan				
Managed Apr 12	363.3	378.5	−7.2	—
Cash Apr 12	192.5	200.6	+0.7	—
Prudential Pensions Investment Account				
Pens Mngd Apr 12	242.9	256.8	+0.9	—
Pens UK Eq Apr 12	286.1	301.2	+2.3	—
Pens Intl Apr 12	172.9	182.0	−0.5	—
Pens Fixed Apr 12	163.2	171.8	+0.4	—
Pens Index Lk Apr 12	153.7	161.8	+0.4	—
Pens Cash Apr 12	125.7	132.4	+0.2	—

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

BERMUDA AUTHORISED

JERSEY (**)

GUERNSEY (**)

FT UNIT TRUST INFORMATION SERVICE

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
98	96	Treas. 8pc Cv 1990 ‡‡	96		8.34	11.59
98	97¼	Treas. 10pc Cv 1990	97¼xd		10.28	12.01
90	87	Exch 2½pc 1990	89½	......	2.79	9.69
101	99¼	Treas 11¾pc 1991	99¾		11.77	11.85
91	89	Funding 5¾pc '87-91‡‡	91	......	6.29	10.70
88½	86	Treas. 3pc 1991	87¼xd	......	3.42	9.64
100	97	Treas 10pc Cv '91 ‡‡	97		10.29	11.45
101	98¼	Exch. 11pc 1991	98¼xd		11.14	11.60
94	91	Treas. 8pc 1991	91		8.70	11.58
106	103	Treas 12¾pc 1992‡‡	103		12.33	11.27
99	96	Treas 10pc 1992	96		10.33	11.34
94	91	Treas. 8pc 1992 ‡‡	91		8.72	11.32
100	98	Treas 10½pc Cv 1992‡‡	98xd		10.70	11.24
85	82¼	Treas. 3pc 1992	83½		3.60	9.14
105	102	Exch. 12¼pc '92	102		11.93	11.25
109¾	106	Exch 13½pc 1992	106		12.69	11.17
94	91	Treas 8¼pc 1993	91		9.03	11.06
100	97¼	Treas 10pc 1993‡‡	97¼xd		10.30	10.90
108¾	105	Treas 12½pc 1993‡‡	105		11.89	10.96
87¾	85	Funding 6pc 1993‡‡	85		7.03	10.17
113¼	109	Treas 13¾pc 1993‡‡	110		12.50	10.92
94½	91	Treas. 8½pc 1994	91		9.32	10.89
117	114	Treas 14½pc 1994‡‡	114		12.70	10.69

Five to Fifteen Years

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
113	109	Exch 13½pc 1994	109xd		12.29	10.90
100¾	97	Treas. 10pc Ln. 1994‡‡	97		10.29	10.70
110¼	106	Exch. 12½pc 1994	106		11.74	10.86
96	93	Treas 9pc 1994‡‡	93xd		9.65	10.62
108	104¾	Treas 12pc 1995	104¾		11.44	10.82
79¾	75¼	Exch 3pc Gas 90-95	75½xd	......	3.99	8.27
101	97	Exch. 10¼pc 1995	97		10.46	10.70
113	109	Treas 12¾pc 1995‡‡	109xd		11.63	10.68
119	115	Treas. 14pc '96	115		12.17	10.80
97½	93	Treas. 9pc 1992-96‡‡	93		9.59	10.25
126	122	Treas 15¼pc 1996‡‡	122xd		12.50	10.72
117	112	Exch 13¼pc 1996‡‡	112xd		11.77	10.67
101	97	Conversion 10pc 1996	97xd		10.29	10.54
118½	113	Treas 13¼pc 1997‡‡	113		11.67	10.63
104	99¼	Exch 10½pc 1997	99¼		10.53	10.54
95	91	Treas 8¾pc 1997‡‡	91		9.59	10.33
128	123½	Exch 15pc 1997	123½xd		12.15	10.73
100	96¼	Exch. 9¾pc 1998	96¼		10.13	10.40
84	81	Treas 6¾pc 1995-98‡‡	81xd		8.34	9.98
134	129¼	Treas. 15½pc '98‡‡	129¼		12.02	10.57
113	108	Exch. 12pc 1998	108		11.02	10.50
100	95	Treas 9½pc 1999‡‡	95		9.90	10.14
115	110	Exch. 12¼pc 1999	110		11.05	10.45
105	100	Treas. 10½pc 1999	100xd		10.41	10.36
104	99	Conversion 10¼pc 1999	99		10.31	10.34
94	89	Treas. 8½pc Ln 2000‡‡	89		9.48	10.08
97	92	Conversion 9pc 2000‡‡	92		9.70	10.10
122	116	Treas. 13pc 2000	116		11.15	10.45
103	98	Treas 10pc 2001	98		10.11	10.15
124	119	Treas. 14pc '98-01	119		11.76	10.66
102	97	Conversion 9¾pc 2001	97½		10.00	10.11
113	108	Exch. 12pc '99-02	108		11.02	10.51
104	99	Conversion 10pc 2002	99		10.02	10.03
102	98	Treas 9¾pc 2002	98		9.93	9.98
97	93	Exch. 9pc 2002	93xd		9.65	9.91
126	121	Treas. 13¾pc 2000-03	121		11.33	10.48
105	100	Treas 10pc 2003	100		9.92	9.88
113	108	Treas. 11½pc 2001-04	108		10.63	10.28

Over Fifteen Years

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
106	101	Treas. 10pc 2004	101xd		9.84	9.79
59¾	57½	Funding 3½pc '99-04	57		6.07	8.51
102	98	Conversion 9½pc 2004	98xd		9.65	9.69
103	98	Conversion 9½pc 2005	98xd		9.63	9.66
111	106	Exch.10½pc 2005	106		9.83	9.66
125	119	Treas. 12½pc 2003-05	119		10.45	9.84
90	86	Treas. 8pc 2002-06‡‡	86		9.21	9.55
105	101	Conversion 9¾pc 2006	101xd		9.60	9.56
118	113	Treas. 11¾pc 2003-07	113		10.34	9.91
96	91	Treas 8½pc 2007 ‡‡	91		9.25	9.43
134	128	Treas. 13½pc '04-08	128		10.53	9.84
101	96	Treas. 9pc 2008 ‡‡	96		9.32	9.39
92	87	Treas 8pc 2009	88		9.09	9.32
102	97	Conv 9pc Ln 2011 ‡‡	97½		9.23	9.26
68	65	Treas. 5½pc 2008-12‡‡	65		8.39	9.06
89	86	Treas. 7¾pc 2012-15‡‡	86		9.01	9.17
132	126	Exch. 12pc '13-'17	126½		9.48	9.24

BRITISH FUNDS—Contd

Undated

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
45	42¼	Consols 4pc	42¾	......	9.36	—
40	38	War Loan 3½pc‡‡	38	......	9.18	—
70	60	Conv. 3½pc '61 Aft.	66	......	5.30	—
41	31	Treas. 3pc '66 Aft.	36	......	8.33	—
30¼	26¾	Consols 2½pc	27	......	9.26	—
29½	26¼	Treas. 2½pc	27	......	9.26	—

Index-Linked

1989 High	Low	Stock (b)	Price £	+ or -	(1)	(2)
127¾	124	Treas 2pc IL '90(84 6)	127	......	—	2.99
106	103	Do. 2pc '92‡‡(97.8)	106	+	2.76	3.63
99	94	Do. 2 '94 (102.9)	98xd	+	3.04	3.54
145	139	Do. 2pc '96(67.9)	144	+	3.20	3.55
124	118	Do 2½pc '01(78.3)	123	+	3.40	3.63
122	115	Do. 2½pc '03(78.8)	120	+	3.44	3.65
125	117	Do. 2pc '06(69.5)	123	+	3.47	3.64
117	110	Do. 2½pc '09(78.8)	116	+	3.48	3.64
123	114	Do. 2½pc '11(74.6)	120	+	3.48	3.63
102	95	Do. 2½pc '13(89.2)	100	+	3.46	3.60
110	101	Do. 2½pc '16(81.6)	108	+	3.42	3.56
108	100	Do. 2½pc '20(83.0)	106½xd	+	3.39	3.51
91	84	Do. 2½pc '24‡‡(97.7)	89	+	3.36	3.47

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for July 1988.106.7 and for February 1989:111.8

INT. BANK AND O'SEAS

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
108	103	African Dv Bk 11¼ Ln 2010	103		10.78	10.73
104	99	Asian Dev Bk 10¼pcLn2009	99xd		10.28	10.29
130	123	Australia 13½pc 2010	123xd		10.90	10.65
113	107	Do. 11¾pcLn2015	107xd		10.63	10.57
108	102	Euro Inv Bk 11pc Ln 2002	102		10.68	10.57
104	98	Do. 10¾pc2004	98		10.48	10.51
118	112	Int-Am Dev Bk 12½pc 2003	112		11.10	10.71
99	93	Do. 9¾pcLn 2015	93		10.38	10.42
97½	94	Malysia 10¾pcLn 2009	95xd	......	11.32	11.38
120	118	Utd. Mexican States 16½pc 2008	118	......	13.98	13.80

CORPORATION LOANS

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
102	100	Birmingham 13½pc 1989	100½	-1½	13.43	11.20
111½	102½	Do. 11½pc 2012	106½	......	10.80	10.70
91	87½	GLC 6¾pc 1990-92	88½xd	......	7.63	11.30
124½	141½	Leeds 13½pc 2006	122½xd	......	11.02	10.72
33	30	Liverpool 3½pc Irred	30xd	......	11.67	—
94½	92	LCC 6¾pc '88-90	92½xd	......	7.30	12.70
30	28	Do 3pc '20 Aft	28xd	......	10.71	—
107½	104½	Manchester 11½pc 2007	107½xd	......	10.70	10.60

COMMONWEALTH & AFRICAN LOANS

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
89½	86½	NZ 7¼pc 1988-92	88	.....	8.24	11.80
206	206	S Rhod 2½pc Non-Asstd.	206	.....	—	—
84½	84½	Do. 4½pc 87-92 Asstd.	84½xd	.....	5.33	9.33

LOANS

Building Societies

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
99	98	N'wide Anglia 9¾pc 17.4.89.	99xd	......	9.19	13.02
99¼	98	Do. 9½pc 8.5.89	99¼xd	......	9.52	13.00
99	98	Do. 8pc 30.5 89	99	......	8.99	13.49
99	98	Do. 9pc 26 6.89	99	......	9.89	13.48
99	98	Do. 10pc 17.7.89	99	......	10.77	13.54
99	98	Do. 11pc 7.8.89	99	......	11.15	13.54
99	98	Do. 11pc 29.8.89	99	......	11.65	13.45
99	99	Do. 12¼pc 18 9.89	99	......	12.45	13.56
99	99	Do. 12pc 2.10.89	99	......	12.39	13.53
99	98	Do. 11pc 6.11.89	99xd	......	11.92	13.52
100	99	Do. 12pc 4.12.89	99	......	12.41	13.53
100	99	Do 12pc 2.1.90	99	......	12.88	13.50
100½	99	Do. 12pc 29.1.90	99	......	12.66	13.50
102¼	99¼	Do. 3¾pcIL Ln 2021	100xd	......	4.39	4.45

Public Board and Ind.

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
97	95	Agric. Mt. 5pc '59-89	97	......	5.15	3.26
47	45	Met. Wtr. 3pc 'B'	46xd	......	6.52	10.41

FOREIGN BONDS & RAILS

1989 High	Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
45	40	Greek 7pc Ass.	40	......	3.50	18.75
45	40	Do. 6pc 28 Stb. Ass.	40xd	......	3	17.50
45	40	Do 4pc Mixed Ass.	40xd	......	2	15.00
80	65	Hung. '24 Ass.	80	......	2.75	13.57
139	132	Hydro Quebec 15pc 2011.	132		15.00	11.00
128	122	Iceland 14½pc Ln 2016	122xd		14.50	11.70
97¼	94½	Ireland 9¾pc '91-96	95¼xd	......	9.75	10.65

AMERICANS

Continued on next page

Kleinwort Benson (Guernsey) Fd Mngrs

Korea Growth Trust

NAV Won 29,603.21 US$44.18

Korea International Trust

NAV Apr 12 Won 41,410.20 IDR Value US$61,787.82

Le Fonds International Canagez

PFC Internat'l Portfolio Fd Mngt Ltd

PRS International

PRS Value Fd. $976.61

Pacific Growth Fund

NAV Apr 11 $18.60

Parisian Bond Fund SA

Taipei Fund

c/o Prudential-Bache Capital Funding (Equities) Ltd

NAV NT$2,139.80 IDR US$78.61 (Apr 12)

Taiwan (ROC) Fund

NAV Apr 12 NT$2,450.00 IDR Value US$90,272.66

Templeton Galbraith & Hansberger Ltd

The Thai-Euro Fund Ltd

The Thai Prime Fund Limited

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

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CANADIANS

1989 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
157p	130p	♥ABM Gold Corp ‖	130p	.....	–	–	–
18⅝p	4½p	♥Abbot Energy Corp.	18⅝p	+⅛	–	–	–
13¼	902p	♥Amer. Barrick Res.	12⅝	.....	–	–	–
3¼p	2½p	♥Amer. Lightwave ‖	2½p	.....	–	–	–
19⅝p	12¼p	♥Armeno	15⅞p	.....	–	–	–
298p	94p	♥AsiAmerica Hldgs‖	298p	.....	–	–	–
33¼p	22¼p	♥Augmitto Expln.	22½p	–1	–	–	–
14⅝	12¾	Bk. Montreal ‖	14¼	+¼	$2.12	–	7.1
762p	655p	Bk. Nova Scot. ‖	708p	.....	84c	–	5.7
18¾	17	BCE ‖	18¾	.....	$2.44	–	6.4
768p	570p	♥Bow Valley‖	764p	+9	♦40c	–	2.5
14¼	12½	♥Brascan‖	13⅝	+¼	88c	–	3.1
228p	178p	♥Breakwater Res.	181p	+3	10c	–	2.7
13⅞	11¼	Can. Imp Bank‖	13¼	+¼	$1.16	–	4.2
12¼	997p	Can. Pacific ‖	11⅝	.....	76c	–	3.1
41½	38½	Do. 4pc Deb £100	41½	.....	4%	–	9.6
511p	374p	Central Capital "A" ‖	491p	+9	–	–	–
448p	340p	♥Corona Corp.	410p	+14	–	–	–
373p	228p	♥Cons TVX Min.	330p	–4	–	–	–
48½p	19½p	♥Danbus Mem. Syst. ‖	25⅞p	+½	–	–	–
633p	524p	♥Derlan Inds ‖	622p	+16	11.75c	–	0.9
953p	751p	♥Echo Bay Mines	877p	+11	$0.07	–	0.4
572p	370p	♥ECO Corp ‖	448p	+15	–	–	–
16¼p	9½p	♥Energex Minerals‖	10½p	–1	–	–	–
234p	203p	♥Galactic Resources	226p	+1	–	–	–
330p	243p	Gandalf Techs. Inc.	261p	.....	–	–	–
54½p	27½p	♥Geodome Res.	27½p	–5	–	–	–
183p	138p	Granges Expln‖	149p	+8	–	–	–
27½p	6p	♥Gt Pacific Res.	16½p	+½	–	–	–
779p	651p	♥Gulf Canada‖	739p	+15	52c	–	3.4
12½	10¼	♥Hawker Sid Can‖	12½	.....	$1.08	–	4.2
588p	348p	♥Healys Group	584p	–4	–	–	–
13¼	11½	♥Hudson's Bay ‖	12⅞	.....	60c	–	2.2
28¾	23	♥Imperial Oil‖	26½	.....	$1.80	–	3.3
18⅞	14¼	Inco‖	17½	+½	$0.80	–	2.7
672p	599p	♥Inland Nat. Gas $1	672p	+4	60c	–	4.3
211p	102p	♥Madeleine Mines	211p	+35	–	–	–
193p	163p	♥Muscocho Expln.	174p	+1	–	–	–
126p	85½p	♥Nevada Goldfields	116p	–3	–	–	–
12¾	10⅞	♥Rio Algom	12¼	+¼	$1.30	–	5.1
19⅝	17¼	Royal Bk. Can. ‖	19¼	+¼	$2.20	–	5.4
41½	33⅛	Seagram‖	41⅛	+⅛	US$1.40	–	2.0
112p	74½p	♥Sonora Gold Corp‖	87p	–2	–	–	–
85p	33p	♥Spiral Eng ‖	72p	–5	–	–	–
109p	73p	♥Tam Pure Tech. Corp‖	79½p	+½	–	–	–
19½	16¼	Toronto-Dom. Bk. ‖	18¾	+¼	$1.12	–	2.9
820p	686p	♥Trans Can Pipe	820p	+16	68c	–	4.0
183p	154p	Varity Corp‖	171p	+2	B	–	–

BANKS, HP & LEASING

1989 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
*278	224	ANZ SA1	231	+5	s034½c	2.0	7.5	6.7
*311	241	Allied Irish	310	+5	F072.9%	3.1	4.9	10.7
£12⅞	£11⅛	Algemene Fl.10	£12⅛	+⅛	027%	1.9	6.3	–
85	62	Anglo Irish	80	.....	019.69%	1.2	5.6	22.8
79	75	Ansbacher (H.) 1p	77	.....	2.0	–	3.5	–
£56½	£45½	B'caire Cie Fr100	£56½	+2½	012½%	–	2.1	–
£40⅞	£36½	Banco Bilbao Viz.	£37½	.....	035.7%	2.0	3.5	14.2

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LEISURE

LONDON SHARE SERVICE

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LEISURE—Contd

PROPERTY

TEXTILES—Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

OIL AND GAS—Contd

1989 High	1989 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
403	327	Shell Trans. Reg...	382	+1	17.0	♦	5.9	♦
70	67	Do. 7pcPf. £1	70	.....	4.9%	–	9.3	–
420	328	Silkolene	420xd	.....	12.0	♦	3.8	♦
13	10	Southwest Res. 40p	11	–½	♦	–	–	10.9
191	152	Sovereign Oil	184	+1	–	–	–	48.8
16	11½	TR Energy 10p	14	.....	–	–	–	–
£112	£97½	Texaco 8pc Cnv	£102½	.....	08%	–	7.8	–
£395½	£32¼	Total–Cie Fr Pet B.	£38¼	+¼	030%	♦	7.5	♦
167	142	Triton Europe 5p	154	+1	–	–	–	32.7
33½	12½	Tuskar Res Ir 5p	33	+3½	–	–	–	–
*32½	285	Ultramar	293	+3	7.5	1.4	3.4	24.9
106	85	Woodside A50c	99	+1	–	–	–	–

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

1989 High	1989 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
451	351	Ayer Hitam SM1	451	+5	tm051.3d	0.7	♦
		For Geevor see Mines (Miscellaneous)					
70	38	Gopeng Berhad M$0.50	70	.....	Q10c	♦	3.0
615	83	Jantar 12½p	119	+3	–	–	–
76	47	Malaysia Mng. 10c	76	+8	Q5c	♦	1.4
170	120	Petaling SM1	170	+10	Q87c	1.0	10.8
130	90	Sungei Besi SM1	125	+15	Q70c	1.4	11.8
90	90	Tanjong 15p	90	.....	–	–	–

Miscellaneous

THIRD MARKET

NOTES

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

OIL AND GAS

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Albany Inv 20p.... y	91	......
Craig & Rose £1.. y	720	......
Finlay Pkg. 5p.... y	91	......
Holt (Jos) 25p..... y	1275	−8

IRISH

Stock	Price	+ or −
Cap. 8½% Ln. 1991	£100¾	......
9pc Cap Ln. 1996	£101	......
Fin. 13% 97/02	£120½	......
Arnotts	460	......
Carrol (P.J.)...... y	152	......
Hall (R. & H.)	156	......
Heiton Hldgs...... y	76	+1
Irish Ropes	190	+20

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied–Lyons	49
Amstrad	18
BAT	40
BOC Grp	36
BSR	7½
BTR	26
Barclays	34
Beecham	40
Blue Circle	39
Boots	20
Bowaters	38
Brit Aerospace	42
Brit. Telecom	21
Burton Ord	18
Cadburys	31
Charter Cons	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	19
Glaxo	90
Grand Met	38
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd.	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds	48
Marks & Spencer	15
Midland Bk	35
Morgan Grenfell	28
NEI	12
Nat West Bk	45
P & O Dfd	48
Plessey	15
Polly Peck	28
Racal Elect	25
RHM	32
Rank Org Ord	63
Reed Intnl	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42

Property

Stock	p
Brit Land	30
Land Securities	52
MEPC	50

Oils

Stock	p
Brit Petroleum	21
Do. (P.Paid)	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	9
Shell	85
Ultramar	21

Mines

Stock	p
Cons Gold	100
Lonrho	38
RTZ	40

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Rising inflationary worries

INFLATION HAS become the main concern of the foreign exchanges, and trading was very subdued yesterday as the market waited for further guidance on the subject from US and UK statistics today and tomorrow.

Fear about rising inflationary pressure was fuelled by Monday's news on UK producer prices, and a rise in input prices about double the expected level.

US producer prices for March will be published tomorrow, and the picture on UK inflation is likely to be thrown into sharper focus today, by figures on average earnings and tomorrow by the retail prices index.

As dealers waited for these figures - which appear to have taken on greater importance than Friday's US trade figures for February - there was a general reluctance to take out positions.

News that West German wholesale prices rose at an annual rate of 5.8 per cent in March, compared with 5.4 per cent in February, underscored the general mood.

Political uncertainty in West Germany and Japan helped underpin the dollar, but this was offset by fears of central bank intervention, after the US Federal Reserve sold dollars on Tuesday in New York. Reports that Mr Gerhard Stoltenberg may be replaced as West German Finance Minister in a Cabinet reshuffle, combined with the Recruit scandal in Japan, to create a general air of nervousness.

At the close in London the dollar was unchanged at DM1.8865 and FFr6.3675, but rose to Y132.95 from Y132.75 and to SFr1.6665 from SFr1.6650 against a depressed Swiss franc. According to the Bank of England the dollar's index was unchanged at 68.5.

The Swiss franc continued to weaken as criticism mounted of the Swiss National Bank's monetary policy. The main area of complaint centred on the central bank's reliance on medium term targets for money supply growth, and suggestions that short term considerations and the uncompetitive level of Swiss interest rates were being ignored. The D-Mark touched SFr0.8840, and finished at SFr0.8835 against SFr0.8825 previously.

Sterling was quiet and steady, closing unchanged at $1.6900 and at DM3.1875. The pound eased to FFr10.7600 from FFr10.7625, but rose to Y224.75 from Y224.25 and to SFr2.8175 from SFr2.8150. On Bank of England figures sterling's index fell 0.2 to 95.5.

Both the Bank of Italy and the Bank of Spain were reported to be buyers of D-Marks, as the lira and peseta rose. The Bank of Spain was seen on the open market, buying D-Marks at around Pta62.0. This was the fourth time in eight days the Bank of Spain intervened to stem the peseta's advance. At the Madrid fixing the Spanish central bank also bought $150.65m at a rate of Pta117.00.

In Milan the Bank of Italy bought DM150m as the D-Mark weakened to L732.65 from L732.90 at the fixing. On Tuesday the D-Mark fell below L733.00 for the first time since February 21.

£ IN NEW YORK

Apr.12	Latest	Previous Close
£ Spot	1.6905-1.6915	1.6885-1.6895
1 month	0.37-0.36pm	0.37-0.35pm
3 months	1.18-1.16pm	1.21-1.18pm
12 months	3.59-3.49pm	3.70-3.55pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr.12	Previous
8.30 am	95.4	95.7
9.00 am	95.4	95.8
10.00 am	95.4	95.8
11.00 am	95.4	95.8
Noon	95.4	95.8
1.00 pm	95.5	95.8
2.00 pm	95.4	95.8
3.00 pm	95.4	95.8
4.00 pm	95.5	95.7

CURRENCY RATES

Apr 12	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.762893	0.652861
U S Dollar	7	1.29585	1.10399
Canadian $	12.39	1.54128	1.31264
Austrian Sch	4	17.1726	14.6510
Belgian Franc	7.75	51.0856	43.5827
Danish Krone	7½	9.48303	8.09499
Deutsche Mark	4	2.44009	2.08212

*All SDR rates are for Apr 11

CURRENCY MOVEMENTS

OTHER CURRENCIES

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Apr.12	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.5827	+2.65	+0.92	±1.5344
Danish Krone	7.85212	8.09499	+3.09	+1.36	±1.5404
German D-Mark	2.05853	2.08212	+1.15	-0.58	±1.0981
French Franc	6.90403	7.02854	+1.80	+0.07	±1.3674
Dutch Guilder	2.31943	2.34951	+1.30	-0.43	±1.5012
Irish Punt	0.768411	0.780093	+1.52	-0.21	±1.6684
Italian Lira	1483.58	1525.21	+2.81	+1.02	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

Apr.12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6885-1.6950	1.6895-1.6905	0.38-0.35cpm	2.59	1.21-1.17pm	2.82
Canada	2.0080-2.0150	2.0110-2.0120	0.14-0.02cpm	0.46	0.49-0.33pm	0.78
Netherlands	3.59-3.60¼	3.59½-3.60½	2-1¾cpm	6.25	5¾-5½pm	6.25
Belgium	66.55-66.85	66.65-66.75	30-26cpm	5.04	87-80pm	5.01
Denmark	12.36½-12.40¼	12.38¾-12.39¾	4-3¼orepm	3.57	12¾-12¼pm	4.03
Ireland	1.1920-1.1975	1.1945-1.1955	0.48-0.42cpm	4.52	1.49-1.39pm	4.82
W. Germany	3.18¼-3.19¼	3.18½-3.19	1¾-1⅝pfpm	6.59	5¼-5⅛pm	6.59
Portugal	261.60-263.20	262.20-263.20	15-54cdis	-1.58	13-110dis	-0.94
Spain	197.15-198.15	197.80-198.10	25-12cpm	1.12	61-50pm	1.12
Italy	2331¼-2338½	2334¼-2335¼	3-2lirepm	1.28	9-7pm	1.37
Norway	11.53¾-11.56¼	11.55-11.56	1⅝-1⅛orepm	1.56	5¾-5pm	1.69
France	10.74½-10.76¼	10.75½-10.76½	4½-3½cpm	4.46	12½-12pm	4.55
Sweden	10.82¼-10.84½	10.82¼-10.83¼	1⅝-1¼orepm	1.59	5-4¾pm	1.73
Japan	224-225¼	224¼-225¼	1⅝-1½ypm	8.34	4¾-4pm	7.79
Austria	22.39-22.44	22.40-22.43	12½-11½gropm	6.39	36¾-34¼pm	6.32
Switzerland	2.80¾-2.82¼	2.81¼-2.82¼	1¾-1½cpm	6.92	4¾-4½pm	6.74

Belgian rate is convertible francs. Financial franc 66.95-67.05. Six-month forward dollar 2.31-2.26cpm 12 months 3.70-3.60cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Apr.12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6885-1.6950	1.6895-1.6905	0.38-0.35cpm	2.59	1.21-1.17pm	2.82
Ireland†	1.4145-1.4175	1.4155-1.4165	0.25-0.30cdis	-2.33	0.78-0.88dis	2.35
Canada	1.1870-1.1905	1.1885-1.1895	0.19-0.23cdis	-2.12	0.57-0.63dis	-2.02
Netherlands	2.1220-2.1285	2.1275-2.1285	0.68-0.66cpm	3.78	1.87-1.83pm	3.48
Belgium	39.35-39.50	39.40-39.50	8.50-7.00cpm	2.36	23.00-20.50pm	2.21
Denmark	7.32-7.33½	7.33-7.33½	0.75-0.40cpm	0.93	2.50-2.00pm	1.22
W. Germany	1.8805-1.8875	1.8860-1.8870	0.63-0.61pfpm	3.95	1.76-1.73pm	3.70
Portugal	155.30-155.60	155.35-155.45	45-65cdis	-4.25	120-170dis	-3.73
Spain	116.65-117.20	117.10-117.20	7-11cdis	-0.92	43-48dis	-1.56
Italy	1378½-1382	1381½-1382	1.00-1.50liredis	-1.09	4.80-5.30dis	-1.46
Norway	6.82½-6.84	6.83½-6.84	0.50-0.75oredis	-1.10	1.55-1.85dis	-0.99
France	6.35¾-6.37	6.36½-6.37	0.95-0.90cpm	1.74	2.63-2.53pm	1.62
Sweden	6.39¾-6.41¼	6.40½-6.41	0.50-0.70oredis	-1.12	1.85-2.15dis	-1.24
Japan	132.65-133.05	132.90-133.00	0.65-0.62cpm	5.74	1.86-1.83pm	5.56
Austria	13.25¾-13.27½	13.26¾-13.27½	4.30-3.90gropm	3.71	12.20-11.00pm	3.50
Switzerland	1.6600-1.6685	1.6660-1.6670	0.59-0.56cpm	4.14	1.64-1.60pm	3.89

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.60-39.70.

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

MONEY MARKETS

Period rates firmer

LONGER TERM interest rates continued to rise in London yesterday amid growing concern that inflation data due tomorrow may increase pressure for a rise in base rates. One-year interbank money now stands at 13⅞-13¾ per cent, up from 13¾-13⅝ per cent on Tuesday. From a flat yield curve at the beginning of the month, one-year money now stands three-quarters of a point above the one-month rate.

UK clearing bank base lending rate 13 per cent from November 25

Short-term funds remain in good supply however as investors continue to hold back from investing in longer term instruments. Overnight money opened at 10⅝-10½ per cent and fell away to a low of 7 per cent before moving up to 10⅝ per cent in early afternoon trading. Late balances were taken at nearer 10 per cent.

The Bank of England forecast a flat position. Factors affecting the market included bills maturing in official hands and a take up of Treasury bills, together with repayment of any late assistance draining £135m. There was also a rise in the note circulation of £80m, and banks brought forward balances £45m below target. These were offset by Exchequer transactions which added £240m. There was no intervention by the Bank during the morning or afternoon.

Short-term interest rates in Frankfurt were little changed although the Bundesbank drained a net DM1.5bn of liquidity from the market through its latest sale and repurchase facility. However, the fresh allocation was larger than expected, and the reduction in liquidity is not regarded as sufficient to exert upward pressure on rates. Successful applications totalled DM14bn compared with a maturing agreement of DM15.5bn.

The new agreement saw funds placed at between 5.85-6.20 per cent, little changed from the previous range of 5.85-6.40 per cent.

Liquidity levels were also boosted in Brussels when the Belgian central bank allocated BFr24.95bn on a 14-day sale and repurchase agreement. A maturing agreement drains BFr8bn from the market tomorrow. Despite the increase in liquidity levels, the rate on 14-day agreements was left unchanged at 7⅜ per cent.

Early trading in New York saw US bond prices ease gently ahead of the $7bn auction of seven-year Treasury notes. Investors were also unwinding long positions ahead of the release tomorrow of US March producer prices, the latter having risen by one per cent both in February and January.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

FINANCIAL FUTURES

Weaker trend in short sterling

SHORT-STERLING prices lost ground yesterday in quite brisk trading with over 23,000 lots changing hands. The softer tone in the Liffe market has added to the bleak outlook for contract prices. On a day which lacked fresh incentives of any kind, the June contract came within just one tick of its all time low of 86.57, touched on February 28. On this basis, some dealers argue, a rise in average earnings in February - due for release today - or a poor inflation figure on Friday could well push futures prices into a free fall.

The June price yesterday finished at 86.61 against 86.62 at the opening and 86.69 on Tuesday.

Growing threats of at least some disruption in UK ports tended to push long gilt futures weaker. Sentiment was also undermined by the pound's weaker tone. The June price opened at 95-02 and fell to a close of 94-30, down from 95-03 previously.

US Treasury bond futures eased slightly ahead of the release tomorrow of key US data on producer prices and trade. The June price closed at 88-05 against 88-12 at the start and 88-15 on Tuesday.

LONDON (LIFFE)

CHICAGO

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS : 73,736

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	13	Clydesdale Bank	13	NatWestminster	13
Adam & Company	13	Comm. Bk. N. East	13	Northern Bank Ltd	13
AAB - Allied Arab Bk	13	Co-operative Bank	*13	Norwich Gen. Trust	13
Allied Irish Bank	13	Coutts & Co	13	PRIVATbanken Limited	13
● Henry Ansbacher	13	Cyprus Popular Bk	13	Provincial Bank PLC	14
ANZ Banking Group	13	Dunbar Bank PLC	13	R. Raphael & Sons	13
Associates Cap Corp	12	Duncan Lawrie	13	Roxburghe G'antee	13½
Authority Bank	13	Equatorial Bank plc	13	Royal Bk of Scotland	13
● B & C Merchant Bank	13	Exeter Trust Ltd	13½	Royal Trust Bank	13
Bank of Baroda	13	Financial & Gen. Bank	13	● Smith & Williamson Secs.	13
Banco Bilbao Vizcaya	13	First National Bank Plc	14	Standard Chartered	13
Bank Hapoalim	13	● Robert Fleming & Co.	13	TSB	13
Bank Credit & Comm	13	Robert Fraser & Ptns.	13½	United Bk of Kuwait	13
Bank of Cyprus	13	Girobank	13	United Mizrahi Bank	13
Bank of Ireland	13	● Guinness Mahon	13	Unity Trust Bank Plc	13
Bank of India	13	HFC Bank plc	13	Western Trust	13
Bank of Scotland	13	● Hambros Bank	13	Westpac Bank Corp.	13
Banque Belge Ltd	13	Heritable & Gen Inv Bnk	13	Whiteaway Laidlaw	13½
Barclays Bank	13	● Hill Samuel	§13	Yorkshire Bank	13
Benchmark Bank PLC	13	C. Hoare & Co.	13		
Berliner Bank AG	13	Hongkong & Shangh	13		
Brit Bk of Mid East	13	● Leopold Joseph & Sons	13		
● Brown Shipley	13	Lloyds Bank	13		
Business Mtge Tst	13½	Meghraj Bank Ltd	13		
CL Bank Nederland	13	McDonnell Douglas Bnk	13		
Central Capital	13	Midland Bank	13		
● Charterhouse Bank	13	Mortgage Express Ltd.	‡13.75		
Citibank NA	13	Mount Banking Corp.	13		
City Merchants Bank	13	Nat Bk. of Kuwait	13		

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CROSSWORD

No.6,908 Set by CINEPHILE

ACROSS

1 Rest in relation to attitude (6)
4 Fibre as food for the healthy. In relation to ..... (8)
10 ..... apple pudding and ..... (9)
11 ..... lime cocktail before you start with ..... (5)
12 ..... second or fourth partner (4)
13 Jingle's academic move (5,5)
15 Cover-up is far from sweet about sex crime (7)
16 Mass without direction for fifth partner (6)
19 Gas fire used by convict after flight (3,3)
21 Scots king at Oxford (7)
23 Student, getting agreement to list, is sorry (10)
25, 3 Killed barman for varied fabric (4,4)
27 Set oneself up against a relation (5)
28 Father, as my turn goes in, holds the purse strings (9)
29 Devil worshipper took pew by converted saint (8)
30 First partner seems to be wearing something (6)

DOWN

1 Cricketer or critic of three kings (8)
2 Homely girl, the obvious third partner (5,4)
3 See 25
5 Wine for water-hen is here (7)
6 Black sheep rode off in post no.50 (4-2-4)
7 Heath's girl (5)
8 Nil gay (that's spelt wrong) producing eggs (6)
9 Pole has to wait for clear (night) (6)
14 General footwear is capital (10)
17 Its charge destroyed parliament (9)
18 Novice in tart is pressing (8)
20 Sea beast has little weight to matter (7)
21 Second partner may be one left by ..... (6)
22 ..... fourth, shrewd with new ending (6)
24 Lose bits of one to doctor not long ago (5)
26 Fish with last partner (4)

Solution to Puzzle No.6,907

REPORT COMPOSED
SCRUPLE EVENING
RAIN CONSISTENT
CHASMS CORNISH
ASSUMED GREASE
SUBMARINES CEDE
EARACHE IMPRESS
PARASITE GRATIS

JOTTER PAD

هكذا من الأصل

WORLD STOCK MARKETS

AUSTRIA (April 12, Sch.) [illegible]

BELGIUM/LUXEMBOURG (April 12, Frs.) [illegible]

DENMARK (April 12, Kr.) [illegible]

FINLAND (April 12, Mks.) [illegible]

FRANCE (April 12, Frs.) [illegible]

FRANCE (continued) [illegible]

GERMANY (April 12, Dm.) [illegible]

GERMANY (continued) [illegible]

ITALY (April 12, Lire) [illegible]

ITALY (continued) [illegible]

NETHERLANDS (April 12, Fls.) [illegible]

NORWAY (April 12, Kroner) [illegible]

SPAIN (April 12, Pts. %) [illegible]

SWEDEN (April 12, Kronor) [illegible]

SWITZERLAND (April 12, Frs.) [illegible]

SOUTH AFRICA (April 12, Rand) [illegible]

JAPAN (April 12, Yen) [illegible]

AUSTRALIA (April 12, Aust.$) [illegible]

AUSTRALIA (continued) [illegible]

HONG KONG (April 12, H.K.$) [illegible]

SINGAPORE (April 12, S$) [illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO

2pm prices April 12

Quotations in cents unless marked $.

Sales	Stock	High	Low	Close	Chng
	[illegible]				
1100	Can Capital	$11⅝	11⅝	11⅝	− ⅛
70450	CanCap A	$9¾	9½	9⅝	− ⅛
5100	CenFd A	$5¾	5⅝	5¾	+ ⅛
13137	C Guar Trc	$23⅛	23	23	
60600	Charan	100	85	85	− 15
58960	Chieftan	$16⅛	16⅛	16¼	+ ⅛
1380	CHUM B f	$19⅞	19⅞	19⅞	+ ⅛
	[illegible]				
819	H BayMn o	$9½	9½	9½	
1508	H Bay Co	$28	28	28	
12295	Imasco L	$30¾	30⅝	30¾	+ ⅛
20197	Imp Oil A	$53½	53	53	− ⅛
122734	Inco	$35¼	34⅝	34⅝	− ½
8630	Inland Gas	$13⅝	13⅝	13½	
4700	Innopec	$11⅝	11⅝	11⅝	+ ⅛
	[illegible]				
131412	Placer Dm	$15⅞	15⅝	15¾	+ ⅛
34100	Poco Pet	$7	6⅞	6⅞	
17271	Powr Cor f	$15¼	14⅞	15	
1087	Powr Fin	$17½	17½	17½	
2200	Provigo	$9⅛	9	9	− ⅛
400	Que Tel	$13½	13½	13½	+ ⅛
100	Quebcor A	$18¾	18¾	18¾	− ⅛
	[illegible]				
10200	Westmin	$9¾	9⅝	9⅝	+ ⅛
929	Weston	$37½	37¼	37¼	− ⅛
773	Woodwd A	$5¼	5¼	5¼	+ ⅛
400	Xerox Can	$20	20	20	

f—No voting rights or restricted voting rights.

INDICES

NEW YORK — DOW JONES

	Apr 11	Apr 10	Apr 7	Apr 6	1989 High	1989 Low	Since compilation High	Since compilation Low
♦Industrials	2311.58	2301.87	2304.80	2291.97	2347.14 (7/2)	2144.64 (3/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	87.86	87.96	87.72	87.92	89.62 (8/2)	87.35 (23/3)	—	—
Transport	1073.58	1067.43	1070.67	1066.30	1087.97 (7/2)	959.95 (3/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	186.46	185.81	186.70	185.46	191.15 (24/1)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2321.48 (2316.35) Low 2295.27 (2295.62)

STANDARD AND POOR'S	Apr 11	Apr 10	Apr 7	Apr 6	1989 High	1989 Low	Since compilation High	Since compilation Low
Composite‡	298.49	297.11	297.15	295.29	299.63 (7/2)	275.31 (3/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	344.24	342.48	342.30	339.89	346.41 (7/2)	318.66 (3/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	28.05	28.03	28.11	27.97	28.11 (7/4)	24.30 (3/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	167.58	166.89	166.93	166.02	168.10 (16/3)	154.98 (3/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	333.14	331.40	330.59	330.08	333.14 (11/4)	305.24 (3/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	413.54	411.14	410.71	408.20	413.54 (11/4)	378.56 (3/1)	455.28 (26/8/87)	54.87 (31/10/72)

	Apr 7	Mar 31	Mar 17	year ago (approx.)
Dow Industrial Div. Yield	3.62	3.63	3.70	3.35
	Apr 6	Mar 15	Mar 8	year ago (approx.)
S & P Industrial div. yield	3.16	3.13	3.16	2.94
S & P Indl. P/E ratio	13.09	13.17	13.04	15.35

TRADING ACTIVITY † Volume Millions

	Apr 11	Apr 10	Apr 7
New York	146.830	123.990	156.950
Amex	11.735	12.341	9.625
OTC	133.273	109.842	133.578

NEW YORK	Apr 11	Apr 10	Apr 7
Issues Traded	1935	1,952	1,930
Rises	873	716	874
Falls	503	687	543
Unchanged	559	549	513
New Highs	88	83	90
New Lows	26	25	26

CANADA — TORONTO

	Apr 11	Apr 10	Apr 7	Apr 6	1989 High	1989 Low
Metals & Minerals	3337.5	3292.3	3265.2	3248.0	3564.9 (6/2)	3207.5 (3/1)
Composite	3571.7	3552.9	3553.0	3551.8	3696.1 (8/2)	3350.5 (6/1)
MONTREAL Portfolio	1790.79	1778.79	1777.85	1773.74	1850.44 (8/2)	1677.48 (3/1)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Exxon	3,371,200	41⅝	− ⅛	Ramada Inns	1,597,400	11⅞	—
Prime Computer	2,837,000	19⅞	+ 1½	Sears Roebuck	1,470,300	45⅞	+ ⅝
SmithKline Beckman	2,052,600	64⅝	− ⅛	Crown cork	1,198,200	52¼	+ 3½
Campbell Soup	1,874,000	40	+ 1⅛	IBM	1,186,900	111⅛	+ 1⅛
P Svc Col	1,667,800	20⅛	+ ⅛	Greyhound	1,157,800	33⅝	+ 1⅛

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr. 12	Apr. 11	Apr. 10	Apr. 7	1989 High	1989 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1421.9	1414.7	1413.3	1412.9	1551.7 (31/1)	1412.9 (7/4)
All Mining (1/1/80)	666.9	663.0	657.0	652.6	727.0 (26/1)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	303.56	303.65	301.83	296.77	303.65 (11/4)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	5832.41	5827.19	5811.71	5803.14	5834.01 (10/2)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	294.78	294.02	293.44	296.21	297.45 (6/4)	275.49 (27/2)
FINLAND						
Unitas General (1975)	805.6	808.9	815.1	812.3	835.1 (10/4)	723.3 (4/1)
FRANCE						
CAC General (31/12/82)	458.3	456.6	455.1	453.3	458.3 (12/4)	417.9 (4/1)
Ind. Tendance (30/12/88)	107.9	107.5	106.6	106.5	108.1 (3/2)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	578.19	575.39	571.02	564.38	578.19 (12/4)	536.78 (27/2)
Commerzbank (1/12/53)	1721.0	1712.8	1699.2	1678.5	1721.0 (12/4)	1595.7 (27/2)
DAX (30/12/87)	1381.66	1369.35	1359.22	1348.02	1381.66 (12/4)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	3060.16	3026.0	3021.43	3024.09	3209.96 (9/2)	2706.69 (3/1)
ITALY						
Banca Com. Ital. (1972)	602.99	603.56	604.14	603.79	615.89 (17/1)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	33256.48	33249.58	32999.02	33185.0	33360.79 (5/4)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2466.39	2470.23	2458.80	2474.35	2494.74 (5/4)	2366.91 (6/1)
NETHERLANDS						
CBS Tndl.Rtn.Gen.(End 1983)	234.3	232.6	232.2	231.1	234.3 (12/4)	208.3 (3/1)
CBS All Shr (End 1983)	187.4	186.0	185.7	184.9	187.4 (12/4)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	605.14	611.96	603.32	603.11	615.51 (3/4)	467.17 (2/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1219.02	1201.43	1191.97	1186.66	1219.02 (12/4)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1496.0♦	1518.0	1527.0	1556.0	1639.0 (23/3)	1291.0 (15/2)
JSE Industrial (28/9/78)	2440.0♦	2446.0	2460.0	2480.0	2493.0 (5/4)	1961.0 (3/1)
SPAIN						
Madrid SE (30/12/85)	295.29	296.25	297.29	294.13	297.29 (10/4)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	3832.8	3815.8	3846.7	3905.9	3912.2 (6/4)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	670.5	673.0	670.0	665.2	673.0 (11/4)	613.1 (3/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	505.6	503.5	506.3	519.0 (17/2)	491.2 (28/3)

♦ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia. All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Wednesday 12 April 1989

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Toshiba	47.3m	1,270	+10	Amada	18.4m	1,610	+140
KHI	27.3m	1,090	-30	Nishimatsu	15.6m	1,850	+20
Marubeni	23.8m	1,010	+10	Chiyoda	14.8m	1,590	+80
SHI	22.7m	1,320	-50	Sanyo Electric	14.6m	945	+4
MELCO	18.9m	1,180	+30	NYK Line	14.6m	1,030	-20

3pm prices April 12

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
29	21¾	AAR	.44	1.6	16	337	28¼	27¾	27¾	
10⅛	8⅝	ACM n	1.01	12.		82	8⅞	8¾	8¾	
11⅞	10¼	ACMIn	1.26a	12.		282	10⅞	10⅜	10¼	– ⅛
10⅛	8½	ACM M	n1.01	11.		120	9⅛	9	9	
11½	10⅛	ACM Sc	1.26	12.		715	10⅝	10½	10½	
10⅜	8¾	ACMSp	n.93e	11.		397	8⅞	8⅝	8¾	+ ⅛
5⅛	2⅝	AMCA	.12e	3.3		50	3⅝	3⅝	3⅝	
6⅛	3⅛	AM Intl				517	6	5⅞	6	
23½	18⅛	AM Int pf	2	8.8		206	23¼	22⅞	23⅛	+ ⅛
62¼	39	AMR			8	3177	60¾	60	60⅝	+ ½
9½	4¾	ARX				852	4⅞	4¾	4⅞	
47	35¼	ASA	3a	7.2		184	42	41⅝	41⅞	+ ⅛
20¼	14¾	AVX	.24	1.4	8	7	17⅛	17⅛	17⅛	+ ⅛
56	42⅞	AbtLab	1.40	2.5	16	4634	u56¼	54⅝	56	+ ⅛
19	16¾	Abitibi g	1			6	18⅝	18½	18⅝	
13¼	7½	AcmeC	.40	4.2		45	9¾	9½	9½	– ⅛
7⅝	5⅞	AcmeE	.32	4.4	26	36	7⅜	7¼	7¼	– ⅛
30¾	20¼	Acuson			26	691	30¾	29¾	30¾	+ ⅝
16⅞	14¼	AdaEx	1.82e	13.		130	14⅝	14½	14½	
16⅞	7⅛	AMD				2835	9¼	9	9⅛	
43½	28¾	AMD pf	3	9.0		2	33⅜	33⅜	33⅜	+ ⅛
8⅝	6½	Adobe				717	8	7⅝	7⅞	+ ⅛
18¼	16½	Adob pf	1.84	10.		2	17⅝	17⅝	17⅝	+ ⅛
9⅜	5⅞	Advest	.12	1.7	15	6	7	6⅞	7	+ ⅛
53⅜	39½	AetnLf	2.76	5.2	9	981	u53½	53¼	53⅜	+ ⅛
44½	24	AffPb s	.22	.5		494	41⅞	41⅛	41⅞	+ ½
18¾	13¾	Ahmans	.88	5.1	9	1334	17⅞	17⅜	17⅜	– ¼
4⅝	2⅜	Aileen			20	41	3⅝	3⅜	3⅜	– ⅛
53¼	37¾	AirPrd	1.20	2.8	11	2157	43¼	43	43¼	
28½	15½	AirbFrt	.60	2.4	25	71	25⅝	25¼	25½	+ ½
20½	17¾	Airlease	2.40	13.	9	12	19	18⅞	19	+ ⅛
28½	22½	AlaP	pf2.09e	9.0		600	23¼	23⅛	23⅛	+ ⅛
9⅝	8½	AlaP	dpf.87	9.8		12	8⅞	8⅞	8⅞	
97⅛	82½	AlaP pf	9.44	10.		z100	93½	93½	93½	– ⅛
86½	80	AlaP pf	8.16	10.		100	81⅝	81⅝	81⅝	– ⅞
29½	15⅞	AlskAir	.20	.8	10	486	24⅞	24½	24⅝	– ⅜
19⅛	13⅝	Albnyln	.30	1.7	12	142	17⅝	17	17⅝	+ ½
38¼	28	Alberto	.36	1.1	18	74	34¼	33¾	34	
29¾	21	AlbCulA	.36	1.3	15	209	28⅝	28	28½	+ ⅜
43	28⅛	Albtsn	.80	1.9	17	675	42	41⅝	41⅞	+ ⅜
36⅛	26¼	Alcan s	1.68	5.2	6	4251	32½	32⅛	32¼	– ⅛
28	22	AlcoStd	.76	2.8	12	957	27¼	27	27	– ⅛
29⅛	21½	AlexAlx	1	3.9	15	869	25⅞	25⅝	25¾	+ ⅛
77	49⅞	Alexdr			30	18	68½	68¼	68¼	
85½	69⅛	AllegCp	1.63t	2.0	11	149	83¼	82¼	83	
4½	1¼	vjAlgInt				34	1½	1⅜	1½	+ ⅛
10⅜	2	vjAlgI pr				11	2⅜	2¼	2⅜	
27⅛	7½	vjAlgI pfC				18	9⅝	9¼	9¼	– ¼
40½	21⅞	AlgLud	1e	2.5	8	38	u40⅝	40½	40½	
40⅜	35⅝	AllgPw	3.08	8.6	9	365	36⅛	35⅞	35⅞	– ¼
15¼	10⅛	AllenG			77	236	15⅝	15⅜	15⅜	
19¼	13	Allen pf	1.75	9.2		38	u19½	19	19¼	+ ¼
12⅝	9⅝	AlnCap	n1.33	11.	24	92	11⅞	11⅜	11⅜	
22	13¾	AlldPd			27	23	20⅜	20⅛	20⅛	– ¼
38⅞	30¾	AldSgnl	1.80	5.6	10	2747	32⅞	32⅛	32¼	– ½
10¾	9⅝	AlstMu	.78a	7.7		168	10⅛	10⅛	10⅛	– ⅛
10	9	AlsMuP	n.09e	1.0		188	9⅛	9	9	– ⅛
10⅛	9¼	AlsMII	n.70e	7.4		277	9½	9⅜	9½	
10½	9¾	AlsMO	n.31e	3.1		144	10⅛	10⅛	10⅛	– ⅛
44½	30	ALLTEL	1.72	4.0	15	483	43⅝	43¼	43½	+ ⅛
[illegible]										
37⅛	31¼	BLA	pf3.58e	9.9		25	36	36	36	
61½	51½	BkA pf	6e	10.		3	59⅞	58⅞	58⅞	
7⅞	5¼	BkA pf	2.25			1389	6½	6⅛	6½	
43⅝	29⅞	BankTr	2.08	5.1	5	3842	41⅞	41	41	– ⅛
26⅞	8⅞	Banner s			16	44	24	23¾	23⅞	– ⅛
33⅜	21	Barclay	1.75e	6.1	5	18	29	28¾	29	– ⅛
24⅝	18⅛	Bard s	.32	1.6	15	6821	21¼	20	20¼	– 1
37⅛	32⅛	BarnGp	1.40	3.9	12	28	36¾	36	36⅛	
37⅛	29⅛	Barnett	1.04	3.1	9	1901	33⅞	33¼	33¼	– ½
6⅛	4⅝	Baroid	n.06e		8	37 608	6¼	6⅛	6¼	+ ⅛
9	4¼	BaryWr			39	764	5½	5½	5½	– ⅛
1⅛	⅛	vjBASIX				55	11-32	11-32	11-32	– 1-32
19⅛	13½	BaltMt	.10	.7	15	2438	14⅛	14	14	– ⅛
52⅛	39⅞	Bausch	1.16	2.2	18	254	52⅛	51⅞	52	+ ⅛
23⅞	16¼	Baxter	.56	2.9	15	2277	19½	19¼	19¼	

[illegible]

Continued on Page 45

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
1⅛	5-16	Radice				50	9-16	½	½	
88⅛	68	RalsPur	1.68	2.0	13	706	84⅛	83½	84⅛	+ ⅛
12½	6¼	Ramad				3832	11⅝	11½	11⅝	− ⅛
6½	4⅞	RangrO			49	210	6	5⅞	5⅞	
54	30¼	Raycm	.32	1.0	11	650	33⅛	33	33⅛	+ ⅛
21⅝	17⅞	Rayonr	2.60	14.	6	187	18⅞	18⅝	18⅞	
6	½	vjRaytc				1	1⅛	1⅛	1⅛	
73⅞	61	Raythn	2.20	3.3	9	627	68	67⅝	67⅝	− ⅛
2⅛	½	ReadBt				198	11-16	⅝	11-16	+ 1-16
18⅞	15¼	REIT	1.38	8.8	15	63	15⅞	15¾	15⅞	+ ⅛
16⅞	13¾	RltRef	1.72	12.	8	2	14⅝	14⅝	14⅝	+ ⅛
12⅛	5½	RecnEq			34	69	9½	9½	9½	
17⅛	9½	Reebok	.30	2.1	12	1256	14	13⅞	14	+ ⅛
13¾	10¾	Reece	.15e	1.1	17	3	13¾	13¾	13¾	
11-16	7-64	Regal				7	¼	¼	¼	− 1-32
7½	5½	ReglFn	.24e	3.3		200	7⅝	7⅛	7⅛	
16	12⅝	ReichTg	1.76	14.	8	10	13	13	13	− ¼
7	4¼	RelGrp	.32	6.6	15	76	5	4⅞	4⅞	
6⅝	4¼	RepGyp	.20	4.1	23	96	4⅞	4⅞	4⅞	+ ⅛
49¼	38½	RepNY	1.28	2.9	9	219	44⅛	44	44¼	
24⅞	14½	Rhone n	.60	3.5	4	78	17⅜	17¼	17¼	− ⅛
30⅞	17	RoyRey	.76	2.6	15	104	30⅛	29⅞	29⅞	− ⅜
22⅝	21⅞	RoyRJ pf				4415	22¼	d21⅛	21⅝	− ⅜
62⅜	40⅛	RoyMtl	1.60	2.9	8	1889	55⅞	54⅞	55⅛	
40⅞	29⅛	RiteAid	.82	2.4	16	446	34⅝	34½	34⅝	+ ⅛
1	¼	RvrOak				225	5-16	5-16	5-16	
16	8⅞	Robtsn				282	10½	10¼	10⅜	− ⅛
28⅞	21⅞	vjRobins			11	6	25½	25½	25½	− ⅛
18¼	15⅞	RochG	1.80	8.6	9	83	17⅜	17¼	17⅜	
60½	44⅛	RochTl	2.84	4.8	14	63	59⅝	59⅜	59½	
20⅞	18½	RckCtr	1.84	9.7	14	214	19	18⅞	19	
23½	17¾	Rockwl	.72	3.3	7	1474	22	21⅝	21⅞	+ ⅛
[illegible]										

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
27⅞	23¼	WiscEn	1.64	6.0	9	1852	28	25⅞	25⅞	
23⅞	20½	WiscPS	1.58	7.6	9	23	21	20⅞	20⅞	− ⅛
38⅞	33⅛	Witco	1.80	4.8	10	94	37⅞	37⅞	37⅞	+ ⅛
14	10¼	WohrW	.16	1.2	12	90	13⅞	13⅝	13⅝	− ⅛
60⅛	46⅞	Wolwth	1.64	3.2	11	5884	51⅞	49⅝	51⅛	+1⅜
169	136	Wolw pf2.20		1.5		2	145	145	145	+5
7⅛	5⅛	WrldCp			7	226	7⅛	7	7⅛	
17⅞	14	WrldVl	1	6.0		1	16⅝	16⅝	16⅝	− ⅛
41	32	Wrigley	.80	2.1	18	72	39⅛	39	39	+ ½
1½	⅜	Wurlch				65	⅞	⅞	⅞	
11⅛	7⅞	WyleLb	.28	3.1	12	164	9⅛	8⅞	9	+ ⅛
27⅞	19¾	Wynns	.60	2.2	24	61	27½	27¼	27½	+ ⅛
22⅛	4½	Wyse				1195	6⅞	6⅝	6⅞	− ⅛
− X−Y−Z −										
66⅞	50⅛	Xerox	3	4.7	18	6891	64⅞	61⅝	64⅛	+2⅞
49⅞	44½	Xerox pf4.13		9.0		2	45⅛	45⅛	45⅛	+ ⅛
44⅛	28⅛	XTRA	.72	2.0	13	141	36⅞	36⅛	36½	+ ⅛
33	25	XTRA pf1.94		16.9		188	28½	27⅞	28⅛	+ ⅛
3⅞	2	Zapata				139	2⅞	2⅞	2⅞	− ⅛
27⅞	18⅞	Zayre	.40	1.5	768	1872	25½	25⅛	25⅛	− ⅛
15½	10⅞	Zemex	.40	3.8	22	13	10⅝	d10½	10½	− ⅛
30	16½	ZenithE			91	1926	18⅞	18	18¼	+ ⅛
10¼	8⅞	Zenlcc	.69e	7.3		136	9⅝	9½	9½	
2⅞	1	vjZenLb				193	1⅞	1⅞	1⅞	− ⅛
21⅝	15	ZenNtl	.80b	4.2	9	126	19	19	19	
19⅞	13	Zero	.44	2.4	15	134	18⅝	18¼	18⅜	+ ⅛
29⅛	19	Zurnln	.68	2.4	16	107	28⅝	28¼	28⅛	
11¼	9⅞	Zweig	1.07e	9.8		253	10⅞	10¾	10⅞	
10⅛	8⅞	ZweigT	n.24e	2.7		1178	9	8¾	8⅞	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices April 12

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, 3pm prices April 12

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]						

AMERICA

Technology sector attracts demand

Wall Street

BARGAIN-HUNTING in the technology sector helped equities score modest gains yesterday morning in spite of a fall in bond prices, *writes Janet Bush in New York.*

There was still a considerable measure of caution in the market, however, as traders and investors preferred to wait until today's retail sales figures and tomorrow's March producer prices index (PPI), industrial production and capacity utilisation as well as the February merchandise trade deficit.

At 2 pm, the Dow Jones Industrial Average stood 8.80 higher at 2,330.38 on relatively active volume of 108m shares.

Bond prices, however, fell as much as ¼ point in quiet mid-session trading. There was concern about whether there would be much demand at yesterday's seven-year note auction with so many key economic releases due today and tomorrow. On the other hand, the modest back-up in yields was thought by some traders to be likely to attract good Japanese buying and domestic swap activity.

While the bond market appeared to be becoming rather pessimistic about Friday's key releases, the equity market seemed to believe that the figures were going to be relatively positive.

Forecasts for the trade deficit suggested a widening in the shortfall in February to $10.4bn from $9.5bn in January, while the PPI is expected to have risen by between 0.5 per cent and 0.6 per cent.

While this would be a much smaller gain than the startling 1 per cent increases in each of January and February which prompted an aggressive tightening by the US Federal Reserve, it would still not be particularly encouraging.

Technology issues were generally higher, as they had been on Tuesday. Dealers attributed the interest in this sector to the fact that some of the issues had looked particularly cheap after disappointing earnings depressed values.

Compaq Computer added $⅝ to $75⅛, Tandem was up $¼ at $16 and Unisys was up $⅛ to $26⅝. Motorola, which announced an 11 per cent rise in sales in the first quarter and earnings of 95 cents a share compared with 88 cents a year earlier, rose $⅛ to $44⅞.

Phoenix Technologies slumped $2⅛ to $14¼ in over-the-counter trading after estimating that first quarter earnings would be lower than expected.

The positive performance of technology issues was somewhat offset by weakness among banks, after disappointing earnings from J.P. Morgan, which fell $1⅛ to $37⅞. The bank reported a 36 per cent drop in consolidated net income in the first quarter, reflecting higher world interest rates.

Among other commercial banks, Citicorp declined $⅛ to $28⅝, Bankers Trust slipped $⅛ to $41, Chemical was unchanged at $35⅝ and Chase Manhattan lost $⅛ to $35⅝.

SmithKline Beckman dropped $1⅛ to $63⅝ after news of its agreed merger with Beecham of Britain which appeared to preclude any improved bid by a third party.

McDonnell Douglas jumped $1⅛ to $82½ and Boeing added $⅛ to $70⅝ on a US press report that GPA Group of Ireland, a major aircraft leasing company, is about to announce an order for aircraft worth more than $10bn early next week. The report suggested that both companies would receive part of the order, along with Airbus Industrie.

Citizens & Southern, which has been one of the most volatile stocks this week, rose $1⅛ to $34⅛ after NCNB, the North-Carolina based commercial bank, refused to withdraw its $2.4bn takeover offer as requested and urged Citizens to begin negotiations. NCNB rose $⅛ to $35.

Canada

FALLS by base metal issues and management company stocks outweighed rising golds and utilities to leave Toronto slightly lower in quiet midday trading.

The composite index slipped 2.6 to 3,569.0 on light turnover of 11.8m shares.

Canfor Corp, which said on Tuesday it had agreed to acquire Balfour Forest, lost C$⅛ to C$25⅛.

Survey shows US faith in Europe

Japan, however, attracts less optimism. Alison Maitland reports

INVESTMENT managers in the US believe the UK and continental Europe are currently the most attractive overseas equity markets, according to a survey by Broadgate Consultants, a New York-based research and investor relations counselling firm.

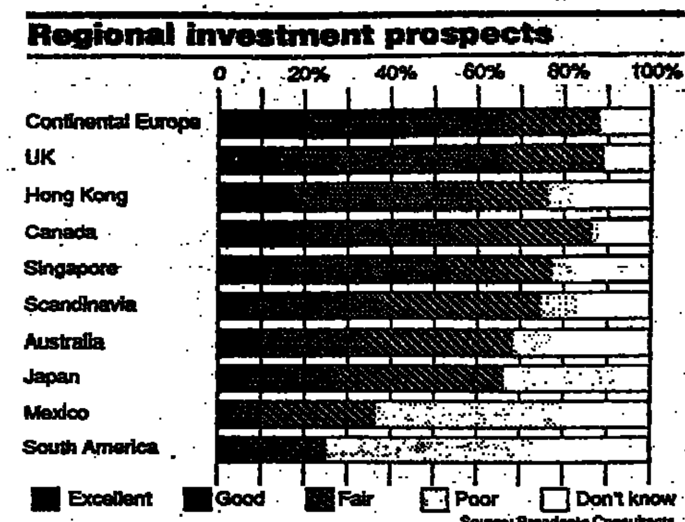
About two-thirds of the 72 senior US investment officers interviewed by Broadgate thought prospects for British and continental equities (excluding Scandinavia) were excellent or good, with 1992 and the removal of trade barriers being seen as a significant investment opportunity.

By contrast, only 28 per cent were as optimistic about Japan, while 64 per cent felt its prospects were fair or poor, citing the weakening yen, rising interest rates and a market multiple of nearly 60 as matters for concern.

The fund managers' least favoured markets were Mexico and South America, where nearly half thought prospects were poor. Hong Kong, Singapore and Canada, on the other hand, all had good ratings.

Some 75 per cent of those questioned said they expected to increase the overseas portion of their equity portfolios over the next five years. "Fuelling this global interest is the widely held belief that the returns on non-US equities will exceed or match those earned from US equities," says Broadgate. "Over three-quarters of the respondents believed this to be the case."

Regional investment prospects



This reveals the highest level of confidence about global investment for at least two years, according to the survey. No fund managers planned to allocate less money to overseas markets.

The main reasons for investing abroad were said to be fundamental long-term value and portfolio diversification – short-term growth was the principal aim for only 1 per cent and currency speculation for only 3 per cent.

With globalisation spreading, fund managers expressed concern about the quality of information on dividend payments from foreign shareholdings. Only 8 per cent described the information they received as very clear, while 86 per cent said it was either not clear or only "somewhat" clear.

Managers holding foreign shares in custodian banks outside the US complained that proxy material often did not arrive in time for them to vote at annual or extraordinary shareholders' meetings. The survey showed that the quality of management and of corporate information were the chief concerns when investing in overseas companies; currency risk took third place.

American Depositary Receipts – bundles of non-US shares quoted in dollar terms on US exchanges – were the preferred form of foreign investment for 58 per cent of respondents, while 33 per cent preferred to invest directly on local stock exchanges.

EUROPE

Paris joins growing band of bourses at year highs

BOURSES trading at 1989 peaks were joined by Paris yesterday in another generally good day in Europe, but there was some caution about tomorrow's batch of US economic figures, *writes Our Markets Staff.*

FRANKFURT marched on upwards in the most active session of a busy week, with traders redoubling activity after the opening was delayed by an arson attack. The Molotov cocktail attack caused some damage and left a strong smell of smoke which annoyed participants but did not deter them from making the most of the current rally.

The FAZ rose 2.8 to 578.19, its third consecutive 1989 high. The DAX index also hit a year's high, gaining 12.31 to 1,381.66 compared with the previous peak of 1,371.10 reached on January 5. Volume was an extremely active DM5.62bn.

Further signs of an easing in interest rates came in a favourable allocation of short-term funds from the Bundesbank. "People are beginning to pay attention to the strong economic fundamentals and provided Friday's figures (from the US) are decent, the FAZ could test 585 to 590," said one analyst.

The so-called Holy Trinity stocks all made strides. Siemens rose DM7.80 to DM541.30, Daimler sped through the DM700 level to end DM15 higher at DM707, and Deutsche Bank climbed DM6.20 to DM544. Elsewhere in the banking sector, Commerzbank crept up 50 pfg to DM247.50 after results which were seen as slightly disappointing in comparison with those of Deutsche Bank. The dividend was held at DM9 as expected.

PARIS also reached new highs, though in somewhat more cautious trading than in Frankfurt. The US trade deficit and producer price figures due tomorrow are weighing on the French market and causing traders to unwind positions.

The CAC General index, based on opening prices, broke through the year's high of 457.3, set on February 6, to reach 458.3 – a rise on the day of 1.7. This takes it within a whisker of its all-time high of 460.4, reached on March 26, 1987.

The OMF 50 index was up 1.73 at 473.76 and at 5 pm the CAC 40 was up 8.27 at 1,674.46.

Volume was estimated at FFr1.75bn, lower than the FFr2.2bn seen on Tuesday which was swelled by a large trade in Galeries Lafayette.

Electronics stock Thomson CSF was helped by the prospect it will win an order for new ground-to-air missile systems from the Netherlands, rising FFr7.30 to FFr231.50 in heavy trading. Peugeot added FFr24 to FFr1,754 amid news of strong first quarter sales.

Pernod Ricard gained FFr43 to FFr1,323 on enthusiasm over its recent results and its brand names; the stock has languished for some weeks. Société Générale was up FFr1 at FFr465 after results in line with expectations.

AMSTERDAM was actively traded as the CBS tendency index added 1.8 to hit another year's high of 178.5 on volume of Fl 950m.

Publishers were strong again and banks were in demand. Wolters Kluwer gained Fl 7.50 to another all-time high of Fl 172. Elsevier rose Fl 2.90 to Fl 69.20 after its statement about a possible merger with Pearson of the UK. Among banks, ABN reported 18 per cent profits growth in the first two months and rose 60 cents to Fl 43.60.

Philips traded well on its last day cum dividend, rising 30 cents to Fl 40.60. Shareholders were meanwhile voting on further moves to protect the company from takeover.

ZURICH nudged down 0.2 points on the Crédit Suisse index to 572.0.

The main talking point was engineering company Rieter's decision to open its registered shares to foreigners. Rieter registered shares were unchanged at SFr1,890 but the bearers lost SFr100 to SFr3,875.

Sulzer registered shares fell SFr25 to SFr5,675 after the engineering group announced a 2.6 per cent rise in profits and plans for an issue of 20,000 registered shares. In reaction to Tuesday's rights issue announcement, Nestlé bearers fell SFr90 to SFr7570.

OSLO touched a record high as improvements in the economy continued to please investors. The all-share index advanced 9 to 461.56, passing the previous high of 453.05 reached earlier in the month, in active trading worth NKr646m.

Elkem, the metals company, was heavily traded after its optimistic profits forecast on Tuesday. It surged NKr37, or 11.6 per cent, to NKr317.

MILAN was weaker in quiet trade, with the Comit index off 0.57 on the penultimate day of the monthly trading account.

Banco di Roma fell L230 to L9,600 after the state participation minister on Tuesday opposed the sale of a 20 per cent stake to financial group IMI as part of the bank's recapitalisation effort.

MADRID eased slightly on profit-taking in active trading as the general index shed 0.96 to 295.29.

STOCKHOLM edged higher in fairly quiet trading, with the Affärsvärlden general index rising 5.1 to 1,122.2.

Volvo, which announced the sale of Scandinavia Trading Company, its oil trading arm, saw its free B shares gain SKr8 to SKr465. Saab free Bs moved SKr6 higher to SKr233. After the close, Saab said it had won an order for five 340 commuter aircraft worth SKr250m from Crossair, a regional carrier.

BRUSSELS was busy, with most activity focused on individual stocks. Overall, shares closed mixed as the cash market index lost 5.22 to 5,832.41.

Solvay advanced BFr125 to BFr13,300, with more than 9,000 shares changing hands.

Also active were Société Générale subsidiaries Gechem, the chemicals company, and FN, the arms maker. Gechem rose BFr6 to BFr964 on 34,200 shares traded, while FN dipped BFr12 to BFr700 on 19,200 shares.

SOUTH AFRICA

A FURTHER rise in the financial rand again undermined gold shares in Johannesburg in light trading. Randfontein fell R3 to R229.

ASIA PACIFIC

Profit-taking virtually eliminates sharp rise

Tokyo

JAPANESE equities succumbed to quick profit-taking after soaring to an all-time high in early trading, and closed only modestly higher, *writes Michiyo Nakamoto in Tokyo.*

In morning trading, the Nikkei average rose by more than 160 points to hit a record high of 33,418.36, but it soon shed its early gains and fell to a low of 33,136.51. Later, arbitrage activity supported the Nikkei and it closed 6.87 up at 33,256.45.

Declines led advances by 461 to 413 while 181 issues were unchanged. Turnover fell to 1.03bn shares from 1.12bn on Tuesday. The Topix index of all listed shares dropped 3.84 to 2,468.39, while, in London trading, the ISE/Nikkei 50 index was 2.67 up at 1,979.04.

The new high reached in early trading was seen by many analysts as evidence that the demand and supply balance on the market was still good. But the feeling that prices had reached dangerously high levels, combined with the political uncertainties stemming from the Recruit scandal, gave investors reason to try to make quick profits while they could. "In this kind of environment, investors want to unwind their positions at the end of the day," said an analyst at New Japan Securities.

Interest continued to move from one sector to another. Investors have been buying not the sector leaders but medium or small capitalisation issues, as well as those that are laggards in areas where growth in profits is expected to be high, such as in the machine tools, high-technology and industrial machinery sectors.

Amada, a maker of metal-working machines, rose Y140 to Y1,510 in heavy trading. The company was picked for good earnings prospects and high order levels for its machine tools, supported by increased plant and equipment investment. Shinton, a maker of car audio equipment, added Y220 to Y3,020.

News that NEC may have developed the fastest performing supercomputer attracted attention to high-technology issues. NEC gained Y30 to Y1,820. Hitachi and Sony both added Y30 to Y1,570 and Y6,760 respectively and Nikon gained Y20 to Y1,480. Toshiba, the most actively traded issue with 47.3m shares, rose Y10 to Y1,270.

Shipbuilding stocks were weak. Kawasaki Heavy, the second most active issue with 27.2m shares traded, was down Y30 at Y1,090, while Sumitomo Heavy, which has been selected recently for its licence to make heavy water used in nuclear fusion, lost Y50 to Y1,320.

Chiyoda, a leading plant engineering company, advanced Y60 to Y1,590 amid speculation that tighter anti-pollution measures in the US would lead to increased demand for Chiyoda's systems for desulphurising car exhaust. Reports that the company could win a Malaysian order for gas treatment equipment added to its popularity.

Nippon Telegraph and Telephone, the giant telecommunications company that has suffered from the involvement of former executives in the Recruit scandal, closed at an all-time low of Y1.47m. Individual investors, in particular, felt NTT's share price had little chance of recovering while the Recruit affair remained unresolved, and speculation about the possible break-up of the communications company fanned their fears of a further decline.

High-technology issues supported the market in Osaka, where the OSE average posted a stronger rise than Tokyo did, finishing up 96.32 at 31,992.82. Volume, however, declined to 91m shares from 95m.

Roundup

A POST-CRASH peak in Singapore, where volume was again at record levels, was the highlight of a confident day in the leading Asia Pacific markets.

SINGAPORE again broke its turnover record, as the Straits Times Industrial index reached a post-crash high of 1,219.02, up 17.59. Volume was 167m shares, compared with the previous day's 124m.

Widespread buying was encouraged by the strength of overseas markets, particularly Wall Street.

Singapore Land rose sharply, adding S$1.50 to S$12.60, while Multi-Purpose was the most active stock, rising 3 cents to S$1.04 on 8.1m shares traded.

HONG KONG was animated by refreshed overseas interest and diminished worries about a rights issue by Hopewell Holdings. The Hang Seng index added 34.16 to 3,060.16 and turnover rose to HK$1.18bn from HK$727m.

Hopewell gained 2.5 cents to HK$3.30 before it announced higher interim profits and a one-for-one rights issue to raise HK$1.86bn at HK$2.60 a share.

Speculation that New World had sold five floors of the Hong Kong Convention and Exhibition Centre at a record price for Wafichal property propelled it 20 cents higher to HK$14.10.

Dickson Concepts was the most active issue, adding 5 cents to HK$3.10.

AUSTRALIA was driven higher by demand for blue chip industrial stocks. The All Ordinaries Index gained 7.2 points to 1,421.9, with 109m shares traded, worth A$170m traded.

ANI lost 4 cents to A$1.12. The company had said it would not seek stock exchange suspension over its A$194m exposure to Spedley Holdings, which went into provisional liquidation on Tuesday.

SEOUL fell sharply for the third consecutive day in slow trading. The composite index lost 27.53 to 927.96 – one of its steepest falls ever – on fears about growing political unrest and labour disputes. Volume was 14m shares, down from Tuesday's 15.4m.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY APRIL 12 1989					MONDAY APRIL 10 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (89)	128.80	+0.2	112.99	105.88	5.25	128.51	112.24	105.90	157.12	128.28	119.60
Austria (18)	119.05	+0.2	104.44	116.46	2.16	118.84	103.79	115.99	119.05	92.84	91.70
Belgium (63)	132.31	-0.1	116.07	129.37	4.12	132.42	115.66	129.16	136.68	128.52	126.65
Canada (127)	134.54	+0.5	118.03	115.88	3.30	133.83	116.89	115.32	137.27	124.67	125.49
Denmark (38)	173.40	+0.3	152.12	172.93	1.89	172.89	151.00	171.89	180.38	165.35	121.93
Finland (26)	154.52	-1.2	135.56	136.78	1.46	156.37	136.57	138.49	156.37	125.81	126.78
France (130)	118.32	+0.2	103.80	118.18	2.97	118.11	103.16	117.56	119.98	112.57	85.08
West Germany (100)	86.19	+0.6	75.61	84.53	2.27	85.71	74.86	83.75	90.40	81.77	79.39
Hong Kong (49)	127.60	+0.1	111.94	127.49	4.13	127.53	111.38	127.48	133.77	111.80	104.41
Ireland (17)	144.32	+0.0	126.61	143.66	3.55	144.30	126.03	143.29	147.10	125.00	123.20
Italy (98)	80.73	-0.5	70.82	83.32	2.52	81.13	70.86	83.46	86.88	78.16	79.22
Japan (455)	188.80	+0.4	165.63	158.43	0.48	188.12	164.30	157.67	200.11	180.30	172.34
Malaysia (36)	167.61	+1.8	147.04	177.20	2.70	164.58	143.75	174.22	167.61	143.35	125.43
Mexico (13)	169.38	+0.4	148.59	446.12	1.15	168.72	147.36	443.64	169.38	153.32	136.20
Netherland (42)	118.25	-0.2	103.74	114.80	4.46	118.43	103.44	114.59	118.52	110.63	110.21
New Zealand (24)	67.55	+0.6	59.26	58.88	6.69	67.15	58.64	58.66	76.02	67.15	76.53
Norway (26)	177.37	+0.4	155.60	164.61	1.52	176.64	154.28	163.58	178.53	139.92	128.06
Singapore (26)	144.05	+0.2	126.37	129.91	2.10	143.75	125.55	129.57	147.64	124.57	109.15
South Africa (60)	138.69	+0.0	121.67	123.74	4.08	138.75	121.19	124.82	142.88	115.35	124.47
Spain (42)	153.76	-0.2	134.89	136.05	3.55	154.03	134.53	136.12	154.03	143.14	153.16
Sweden (35)	155.32	-1.4	136.26	147.51	2.32	157.51	137.57	149.18	162.00	138.45	123.04
Switzerland (57)	76.32	-0.3	66.96	78.78	2.33	76.57	66.88	78.61	79.76	74.05	81.16
United Kingdom (316)	142.89	-0.2	125.35	125.35	4.50	143.14	125.02	125.02	153.33	134.53	138.00
USA (562)	121.54	+0.4	106.62	121.54	3.62	121.02	105.70	121.02	121.90	112.13	110.48
Europe (1008)	117.88	-0.1	103.41	110.09	3.60	117.96	103.03	109.75	120.88	114.02	109.28
Nordic (125)	151.06	-0.6	132.52	148.96	2.00	152.00	132.76	149.53	153.98	137.95	114.36
Pacific Basin (679)	183.79	+0.4	161.23	154.79	0.70	183.13	159.95	154.08	194.72	176.37	167.54
Euro-Pacific (1687)	157.43	+0.2	138.11	136.98	1.58	157.08	137.19	136.42	164.22	152.83	144.24
North America (689)	122.22	+0.4	107.22	121.21	3.60	121.69	106.29	120.69	122.71	112.79	111.28
Europe Ex. UK (692)	102.19	+0.0	89.65	100.69	2.89	102.18	89.24	100.34	103.11	98.84	91.45
Pacific Ex. Japan (224)	123.82	+0.2	108.62	109.09	4.64	123.52	107.88	109.00	137.65	123.48	109.63
World Ex. US (1887)	156.45	+0.2	137.25	136.28	1.66	156.09	136.33	135.73	162.77	152.04	143.40
World Ex. UK (2133)	142.90	+0.3	125.37	131.88	2.04	142.42	124.39	131.32	146.04	138.06	129.97
World Ex. So. Af. (2389)	142.91	+0.3	125.38	131.31	2.25	142.49	124.45	130.77	146.65	138.82	130.71
World Ex. Japan (1994)	120.88	+0.2	106.05	117.10	3.65	120.59	105.33	116.68	122.37	114.51	110.68
The World Index (2449)	142.89	+0.3	125.35	131.26	2.26	142.47	124.43	130.72	146.51	138.83	130.67

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local).

Latest prices were unavailable for this edition.

ACCOUNTANCY COLUMN

US companies share a standard complaint

By Pratap Chatterjee in New York

RECENT PROPOSALS for monitoring the activity of the US Financial Accounting Standards Board (FASB) have given partial support to a bid by leading US companies to rein in their national standards setters. The FASB, companies claim, is answerable to no one and has produced ideas which are potentially crippling to their businesses.

For almost four years the Business Roundtable, an association of chief executives of 200 of the biggest US companies, has been complaining that the FASB has been issuing standards that are incomprehensible and extremely expensive to implement.

On April 24 the Financial Accounting Foundation (FAF), the FASB's parent, will consider recommendations for changing its role as overseer of the US accounting standards process.

The proposals are to be put forward by a committee set up by the FAF, at the insistence of the Roundtable, and chaired by Mr Ray Groves, senior partner of Ernst & Whinney.

The FASB was created 15 years ago by the Securities and Exchange Commission to set accounting standards for companies. Its seven-member board and 45 staff, based in Connecticut, work full-time formulating financial reporting rules.

Three recent proposals in particular have annoyed the corporate world.

In one, the FASB has proposed that companies provide against the cost of post-retirement health care which they have promised to their employees. Estimates vary, but it could wipe up to $2 trillion – million million – (£1.2tr) off US company balance sheets.

Secondly, a new standard that came into effect this year could double the size of the balance sheets of big companies by requiring them to consolidate all their subsidiaries. It will particularly affect companies with large finance subsidiaries, such as Ford and General Motors.

The third change and the one that has caused the greatest annoyance relates to accounting for deferred taxes. Companies say it would be extremely costly to comply with and could cause large and meaningless swings in their profits from one year to the next.

After extensive consultation, the FASB agreed last autumn to defer the implementation of the rule for a year.

US companies are not pleased with all this. Mr Tom Jones, chairman of the staff committee of the Roundtable's accounting taskforce, said: "FASB is banging out standards left, right and centre. And FASB is prosecuting counsel, judge and jury all in one."

Under Mr John Reed, Citicorp chief and chairman of its accounting taskforce, the Roundtable last year proposed a private sector body to oversee the efforts of the FASB. It would be staffed by nominees from academia, the corporate world, public accounting and the FAF.

However, in January that suggestion was shot down by Mr David Ruder, SEC chairman, on the grounds that it might impinge on the FASB's independence.

The Groves committee has suggested that the FAF set up an oversight committee from among its own members to monitor the FASB's work. This proposal is considerably weaker than the Roundtable's own suggestion, but looks far more likely to be approved.

The Groves committee has recommended that the FAF oversight committee be allowed to ask the FASB for an annual report on how it is fulfilling its mission and meet individual members of the FASB and discuss their performance.

Mr Edmund Jenkins, managing director of accounting principles for Arthur Andersen, is still sceptical that this would be acceptable to the FAF. "It could be seen as an impediment to FASB's independence as it is composed of FAF members and they are the employers and financiers of FASB," he said.

At the moment the FAF helps raise the FASB's $11m annual running costs, but pointedly does not interfere in its affairs.

Mr Paul Miller, a University of Colorado professor who has worked with both the FASB and the SEC, is completely opposed to the oversight committee.

He said: "They are describing a master/servant relationship. The proposal is parallel to that of the Roundtable and is simply designed to serve their interests by prolonging the standard setting process."

The Groves report includes several suggestions published a year ago as the first part of their report to streamline the standard setting process and make it more acceptable to companies. These include:

- FASB should issue a "white paper" on any new topic that it plans to tackle.
- An FASB board member should chair each of the task forces set up to investigate accounting topics, rather than leaving it to the body's staff.
- Before issuing drafts of new rules, the task forces should publish their preliminary views and carry out extensive field testing.

The FASB has indicated that it is willing to meet these suggestions part way. Last year it published a list of the topics in order of priority that it wanted to look at. A board member has been appointed to chair the taskforce considering ways of accounting for financial instruments.

In the meantime, the Roundtable is not planning to cool its heels. It intends to organise a group along the lines of its original proposal to keep in touch with the SEC – even if it does not have official recognition. Its members will be drawn from the US Chamber of Commerce, the National Association of Manufacturers and the Big Eight.

They plan to meet the SEC every six months on an informal basis to "kick around ideas."

* * *

STRICTER LEGAL controls on auditors in the US could be in draft form by the end of this year: Congressman John Dingell is getting near to the final leg of his marathon battle with the accountants.

Mr Dingell, chairman of the oversight and investigations subcommittee of the House committee on energy and commerce, has been the scourge of the auditing profession for most of the 1980s.

His series of investigations into audit failures led to a response from the profession in the form of the Treadway Commission, which came up with 49 recommendations for giving greater assurance on the quality of audits.

The General Accounting Office (GAO), the investigative arm of Congress, recently produced a progress report on the implementation of the Treadway proposals.

This report is now with Mr Dingell. His subcommittee expects to have examined it by next month and to then start work on draft legislation that will incorporate the Treadway recommendations and the GAO's comments.

The GAO report reveals mixed success so far.

Many of the Treadway recommendations are still being put into place, it says. For instance, last month the SEC tightened its regulations that auditors would have to notify the SEC when they resign or are sacked from an audit.

Other recommendations have been difficult to implement – such as compulsory periodic reviews of auditors by their peers.

Some have been rejected altogether, such as the requirement for companies to have independent audit committees to oversee them. This, it was claimed, would be burdensome for small companies.

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Closing date: 4th May 1989. **Ref: B121/FT.**

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WEST KENT

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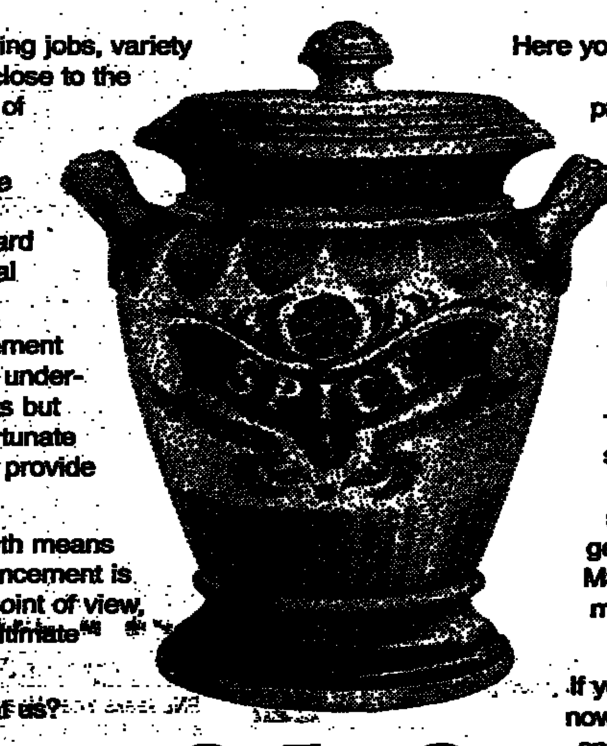

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Within the executive team that drives this business forward, the Finance Director performs a broad and very commercial role.

With the support of a strong team, embracing the finance and DP functions, you will ensure the smooth flow of information which is essential within such a fast-moving business. While exercising tight control over day-to-day operations, you will also help to formulate long-term strategic goals, participating in decisions which affect all parts of the business. One of your early priorities will be to extend computerisation into the production planning and sales & marketing areas.

To succeed here, you will be a young, graduate, qualified accountant with a highly-developed commercial awareness and exceptional communication skills. The environment will demand from you the highest levels of commitment and expertise, but will also provide opportunities for outstanding career growth - following the example of the present FD who has secured promotion within the Group.

The executive team is dynamic, enthusiastic and successful. You will be joining them at an exciting time.

Please apply to Lawrence Barnett and Dudley Harrop at our Manchester office quoting ref. MX109.

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Amethyst House, Spring Gardens - Manchester M2 IEA. Tel: 061-834 0618
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With revenues increasing by 30% and earnings almost doubling, what can a company that earned $1 billion in 1988 do for an encore?

The answer is simple - to be the best at what it does, to develop and grow within an increasingly competitive and ever changing market place.

This never ending search for excellence results in a demand for outstanding individuals who possess an entrepreneurial and flexible approach to successfully manage this change.

MANAGER REPORTING AND ANALYSIS

£25,000 Package + Car
BRIGHTON

The Travel Related Services Division marks the foundation of today's American Express Company and markets some of the world's most distinguished brand names, including the American Express Card, Gold Card and Travellers Cheques.

A key member of the management team, you will be responsible for the production, presentation and interpretation of European Divisional results to senior management. Leading a professional team, responsibilities include identifying and analysing specific business issues and providing support to local finance departments throughout the region.

Aged 28-32, candidates should be qualified Accountants with a proven track record in a management accounting environment. Man-management skills are essential as is a mature and positive approach to decision making.

Please apply directly to Penny Ridgett at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone 01-836 3545, or evenings on 01-853 4009. Alternatively fax your details on 01-836 4942.

FINANCIAL SYSTEMS CONSULTANT

To £25,000 Package
BRIGHTON

Travel Related Services has recently undertaken two new strategic initiatives in the development of information systems - Projects Genesis and Travel Systems Strategy.

You will play a significant part in the development of these key business systems. This broad role involves providing support and advice on the financial integrity of the new systems. You will also provide a consultancy service to regional finance departments.

Candidates should be qualified Accountants or Consultants, aged 22-28, with experience of financial systems review and development.

The company offers an excellent benefits package which includes a mortgage subsidy, relocation and non contributory pension scheme.

ROBERT HALF

Financial Recruitment Specialists
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EXETER TRUST LIMITED

THE COMMERCIAL MORTGAGE BANK

Part of a major insurance group we are one of the principal specialist lenders in the commercial property sector. Our continued expansion promotes and urgent need for a

SENIOR LENDING OFFICER - c. £25,000 p.a.

to join our established Loans Department based in Exeter.

Applicants, aged 30 to 45, will preferably have ACIB qualification and be able to demonstrate wide experience of commercial property lending, including development finance, together with appropriate management skills, ability to negotiate at Board level and a high degree of self-motivation.

As the position will require some travel a company car will be provided.

In addition to the salary indicated, which will depend upon age and experience, we offer valuable benefits including annual bonus, free BUPA membership, and house mortgage subsidy after a qualifying period.

Applicants should write with a full CV (which will be treated in the strictest confidence) to: **C. J. Halliday, Esq., Loans Director, Exeter Trust Limited, Exeter Trust House, Blackboy Road, Exeter, EX4 6SE.**

Please mark your envelope "Strictly Private & Personal".

GOVERN YOUR CAREER AND HELP GUIDE OUR FUTURE!

Packages *c.* £28,000 — Watford

As a well-known and professional financial services organisation, National & Provincial is constantly searching for new ways to elevate the service we offer to all our customers. Nowhere is this more obvious than in the rapidly expanding area of consumer credit.

FINANCIAL CONTROLLER

Intense activity in the provision of Consumer Credit products and services makes the instigation of innovative financial accounting and management information systems imperative to determine and monitor current levels of enterprise.

You will be instrumental in the creation and implementation of these systems with emphasis on profit and loss, profit forecast, pricing models, sensitivity analyses and budgetary control.

CREDIT CYCLE CONTROLLER

Success in the field of Consumer Credit depends upon the ability to accurately assess credit worthiness to minimise risk.

You will impart effective credit control procedures and perpetuate a credit scoring system. This will incorporate monitoring existing scoresets, tracking trends and making recommendations to implement changes. In addition data on competitors as well as existing portfolio performance will be required.

CREDIT UNDERWRITER — *c.* £15,000

As Credit Underwriter you will be primarily involved in the vetting of referred Credit Card applications using your judgement to assess their viability. This will also involve investigative work, within certain specified parameters. There could also be an element of research work so that you can provide statistics and other information, to improve the quality of the overall decision making process.

The position will demand a minimum of 2 years' experience in the Credit Underwriting field, preferably within a financial services institution.

An astute understanding of the financial services business is all-important, particularly in connection with credit-related procedures. You must have substantial experience of this fast-moving sphere and a sound appreciation of the business. Success will be based upon a rational and decisive temperament.

The attractive salary package includes an immediate concessionary mortgage and a London Weighting Allowance. We also offer an optional contributory pension scheme, BUPA and relocation where appropriate.

Please write with details of career to date, to: **Mrs Angela Stevens, National & Provincial Building Society, Provincial House, Bradford BD1 1NL.** Tel: (0274) 733444.

The Society is an Equal Opportunities Employer

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NATIONAL & PROVINCIAL BUILDING SOCIETY

FINANCIAL PLANNING MANAGER

Uxbridge — **C£28,000+Car**

Unrivalled career progression is the reward for an innovative recently qualified with this major retail/distribution PLC. Heading the Financial Planning team you will have overall responsibility for the construction and presentation of the group distribution plan including divisional forecasts and capital plans, five year plans and group pay reviews. Strong management and analytical skills are required coupled with good computer applications and financial modelling experience. Excellent benefits package and prospects to match. Ref: H2402.

For further information contact: Accountancy Personnel, Northern Rock House, 88-90 College Road, Harrow HA1 1DG. Tel: 01-863 6211.

SENIOR FINANCIAL ANALYST

Basildon — **C£21,000+Mortgage**

Our client, ACCESS, is seeking a qualified Accountant to further strengthen the financial planning function within their multi-million pound operation.

This key role requires experience in budgeting, auditing and analysis as well as management reporting.

The successful candidate will combine staff management abilities with initiative, flexibility and strong interpersonal skills.

Excellent benefits include, preferential loans scheme, generous holiday entitlement, pension and Life Assurance, and excellent Sports and Social Club. REF: JK/ACCESS.

For further information contact: Accountancy Personnel, New Cranbrook House, 61 Cranbrook Rd, Ilford IG1 4PG. Tel: 01-478 7725.

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INTERNATIONAL BUSINESS APPRAISAL

MAJOR UK PLC

Central London — **c£26,000 + Car**

This highly profitable UK multinational has, through organic expansion and strategic acquisition, established itself as a market leader in the food manufacturing and commodity sector.

An exceptional opportunity has arisen for an astute and committed individual to join a small high profile team reporting to Board level. The team undertakes a variety of projects of an analytical nature, working in company offices throughout Europe and North America.

Emphasis is placed on taking a business approach to problem solving across a variety of disciplines, including financial management, systems, production and marketing.

The ideal candidate will be a qualified accountant, preferably a graduate, aged between 25 and 32, with previous commercial experience. As well as excellent technical skills, you will need a perceptive and flexible approach, together with the confidence and presence to deal at the highest level throughout the organisation. Language ability would be an advantage but is not essential.

In addition to an excellent salary and other large company benefits, the position offers outstanding opportunities for advancement at both subsidiary and group level worldwide.

Interested applicants should telephone Susie Truswell on 01-437 0464, or write, submitting a brief CV, to the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

[هكذا من الأصل]

FINANCIAL CONTROLLER

Leisure Industry

City c £30,000 plus car

Our client, a partnership of two successful entrepreneurs, has just acquired a country club in the North. This is the first of a substantial number of proposed acquisitions of membership-based health and country clubs throughout the Midlands and the North.

The partners now seek to recruit a Financial Controller to join the team and to establish effective financial management and control. Systems will be fully computerised and staff will be recruited when required. This, however, is a "hands on" role, involving total commitment to the development of the Group, which will be achieved by both acquisitions and organic growth.

Candidates must be young, energetic, qualified chartered accountants with direct experience of the leisure industry and acute commercial acumen. The post will involve extensive UK travel; success in the role will lead to early promotion to the board.

Please write in confidence with full career and salary details, quoting reference J2135 to John Hills.

KPMG Peat Marwick McLintock

Executive Selection and Search
70 Fleet Street, London EC4Y 1EU

ACAs
in pursuit of excellence

Central London, Cambridge, Birmingham, Manchester
£25,000-£40,000+Car+Bonus

Our client is a highly innovative firm who believe in employing commercially aware professionals. It is already one of the top firms in the UK with 80 partners spread throughout twelve offices and part of a strong international firm with 600 professional offices worldwide. The firm has achieved substantial expansion over recent years and expects to continue to grow through the 1990s.

This growth has resulted in the need to recruit several high calibre chartered accountants, with a minimum of two years' PQE, to undertake key management roles in the Client Service Departments. These departments provide a comprehensive financial advisory service for high growth privately owned and quoted businesses.

Responsibilities are:

★ Providing business advice, audit and a consultancy service to a broad range of clients
★ Motivating and leading a team of qualified chartered accountants and students
★ Maintaining high technical standards
★ Staff appraisal and counselling
★ Practice development.

In this environment, there is plenty of scope for commercially aware accountants to progress. Initiative and marketing ability will be rewarded with fast promotion.

The attractive salary package will include relocation assistance where appropriate.

For further details please write, enclosing a full CV to Peter Minns at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH or telephone 01-831 2000.

MP

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

NOVO
Finance & Administration Manager

Paris based
£35,000 (equivalent)
+ bonus + other benefits

NOVO, a world leader in diabetes treatment and industrial enzymes is a US$800 million multi-national bio-technology/pharmaceutical group. NOVO operates at the frontiers of science in its research programmes particularly genetic engineering.

The groups' French subsidiary, NOVO France (which is itself the market leader in that country) is seeking a qualified accountant, aged 30-35 to take on the role of Finance & Administration Manager. Responsible to the Managing Director - France, your responsibilities will include group reporting, regular liaison with the Head Office in Copenhagen, statutory and management reporting plus personnel and administration.

An ambitious and resilient self-starter, you will have prior experience either overseas or within a multi-national company. A strong working knowledge of French and direct PC user experience is essential. Beyond that, you should have both the capacity and tenacity to meet the pressures and deadlines typical of a group determined to maintain and further enhance its market leadership.

Career prospects within this fast paced, growth orientated multi-national are exceptional, and an attractive package, including relocation if appropriate is offered. If you are keen to pursue this EEC opportunity, then write to Hamish Davidson quoting reference MCS/4025 enclosing a full CV and salary details.

Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL
Telephone 01-378 7200

Price Waterhouse

FINANCIAL DIRECTOR

West Midlands c£30,000 + Bonus + Car

Our Client is engaged in the provision of 'leading-edge' information technology to a wide range of Clients. As an autonomous profit-orientated business within a large Group, they are widely acknowledged as the elite in their field, setting the standards by which others are judged.

As a senior decision-making member of the Board, the Financial Director will co-ordinate and define policy for the financial management of the company's affairs. Major emphasis will be placed on the development of company strategies and policies in line with *planned expansion* by acquisition. Experience in this area is essential. The role will carry a strong bias towards commercial management.

The successful candidate will be a qualified Accountant, with polished communication skills and the ability to motivate and direct staff. The senior nature of the position also demands stature and versatility coupled with a capacity for shrewdness and innovation. The Financial Director will need to have the ability and energy to get beneath the 'skin' of the business so that all decisions and recommendations are based on the exact needs of the company.

For a position of this nature, the company offers a salary package destined to grow in line with the on-going development of the business.

Applications, in writing, quoting reference B/184/89 and highlighting both entrepreneurial flair and experience of managing change, should be directed to Steven French.

KPMG Peat Marwick McLintock

Executive Selection
Peat House, 2 Cornwall Street, Birmingham B3 2DL

BUSINESS PLANNING MANAGER

Cellnet
THE CELLPHONE NETWORK

London £35,000 plus bonus and car

Cellnet operates one of the world's most advanced mobile communications networks and is one of the most dynamic and innovative companies in Europe with a consistent record of 100% compound growth per annum. Mobile communications is the growth industry of the future and Cellnet is positioned to continue leading the market in the UK and Europe. Due to internal promotion a Business Planning Manager is now required.

Reporting to the Director, Corporate Services, *the Business Planning Manager will lead a* small team responsible for the business and financial planning of future growth. Liaising with a range of functional specialists, the role focuses on project assessment, capital investment appraisal and competitor analysis activity to support comprehensive reports to the Board on crucial commercial issues.

Candidates must be graduates with a business degree, possibly combined with an MBA or accountancy qualification. Aged 30-35, you will have a minimum of two years experience in financial planning and analysis together with familiarity with the demanding requirements of a large organisation. Excellent communication skills and commercial judgement are essential to build relationships across all disciplines.

Please reply in confidence, giving concise career, personal and salary details to Heather Male, quoting Ref: L414.

Egor Executive Selection
58 St. James's Street
London SW1A 1LD (01-629 8070)

EGOR
EXECUTIVE SELECTION

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Inchcape
REGIONAL CONTROLLER - FAR EAST

London based c. £40,000 (inc bonus) plus car and other benefits

Inchcape is an international services and marketing group with a £2 bn + turnover and a well-defined range of core businesses which offer significant scope for further growth both organically and by acquisition. These activities are managed through regionally-based centres with a corporate interface being provided by the London-based financial control department. As a member of this team a Financial Controller is now to be appointed who will report to the Group Financial Control Director and provide a financial and commercial service to the operational, management of a major multi-business sector based in Hong Kong. All accounting procedures are a local responsibility so that the Controller's role centres on commercial considerations such as performance analysis, budgetary control, capital investments and disposals, acquisitions review and input to strategic plans. *The job is, therefore, wide-ranging and business orientated with clear precedents for a career development move* in 2/3 years, time. There will be a significant amount of travel to the sector headquarters and operational units.

Applicants must be qualified with line or staff experience in an international environment. Probably aged in their 30's they will need good communication skills and the personal confidence to be effective at board and senior management levels. Benefits include BUPA, a non-contributory pension and in due course, share options. Ref: *1694/FT.* Send CV (with current salary and daytime telephone number) or write or phone for an application form to R A Phillips ACIS, FCII, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours).

Phillips & Carpenter
Selection Consultants

FINANCIAL MANAGEMENT OF GROWTH - UK & OVERSEAS OPERATIONS

Our client is currently a £35m turnover group providing design, manufacturing and full maintenance and expert technical backup to users of engineered products.

Operating through a UK branch network and in the USA, Australia, the Middle East and mainland Europe, the group is committed to a significant growth programme, both organically and by acquisition, designed to double sales turnover and margins within 3 years.

To help manage this growth, they wish to make 2 new appointments of key financial personnel, to be based at the BIRMINGHAM HQ.

GROUP FINANCIAL CONTROLLER
c £25,000 + CAR + BENEFITS

Ideally 30-35 years old the successful candidate will be a Chartered or Certified Accountant with 2+ years relevant post-qualifying experience in a UK-based international company with roots in engineering.

Working closely with the Group FD, the role will encompass routine group statutory records, financial reports and analysis, together with audits and investigations of both existing facilities and potential acquisitions, especially overseas. Up to 25% of the job will involve overseas travel.
Quote Ref FT/191/PG

FINANCIAL CONTROLLER - UK CO
c £20,000 + CAR

Aged 28-35, the successful candidate is likely to be a qualified Cost & Management Accountant with a minimum of 2 years in a senior financial role within a multi-branch, preferably engineering environment.

Reporting to the FD of the largest UK operating subsidiary, the successful candidate will be responsible for all centralised financial and management accounting with a staff of 7.

He/she will liaise regularly with engineers and other branch personnel.
Quote Ref FT/189/PG

Both roles will have a direct impact on a major redesign of financial and operational systems based on new IBM AS400 hardware.

Prospects within both the Group and its £800m turnover parent are excellent.

Candidates should submit in strict confidence a full CV to Peter Grisenthwaite who is advising the company and conducting preliminary interviews from week commencing Monday 24th April. You may fax your details to us on 021-200 2702. All correspondence will be acknowledged.

Accountancy Recruitment *Solutions*

1st Floor, 12 Priory Queensway, Birmingham B4 6BS.
Telephone: 021-200 2444. Fax: 200 2702.
A division of Solutions Personnel Consultants Ltd.

CORPORATE FINANCE–
Leading Merchant Bank
Young Accountant

City *To £24,000 + Mortgage + Profit share + Car*

This internationally respected UK investment bank has offices in Europe, USA, Australia and the Far East. They now seek a young qualified accountant to join their expanding Corporate Finance department, whose clients include major Blue Chip organisations as well as smaller companies experiencing rapid growth.

Operating within a young dynamic team, the position offers unrivalled experience and variety, providing high level financial advice on business deals around the world, including:

▲ MERGERS ▲ FLOTATIONS ▲ ACQUISITIONS ▲ MANAGEMENT BUY-OUTS.

A wide range of career options, including financial control, senior management positions in the UK or overseas and broking will be available within the medium-term. Young ACA's (or ACMA's/ACCA's with some financial services experience), seeking a *move into the City should call* ANDREW LIVESEY immediately.

ALDERWICK PEACHELL and PARTNERS, Financial and Accountancy Recruitment, 125 High Holborn, London WC1V 6QA. Tel: 01-404 3155.

Alderwick and Peachell PARTNERS LTD

هكذا من الأصل

Personal Financial Services

Partner Designate **c£50,000**

Our client is an innovative, medium-sized UK, national and international firm of chartered accountants. The tax practice is a rapidly growing and prestigious business area developed through an approach that is both highly efficient and personal. They combine the technical facilities of the large firms with the intimate approach of smaller firms. They wish to appoint a partner designate to lead and be responsible for the Personal Financial Services department. This strategically important role offers a unique opportunity to attain senior status within an established innovative practice.

Candidates should be suitably qualified accountants, lawyers or FTIIs with a very strong personal tax background. You should also display a broad range of abilities including strong technical skills, the ability to successfully manage a team of professionals and be able to conduct detailed negotiations at a high level with demanding clients and potential clients together with the tax authorities.

The department's work covers a variety of tax planning aspects for wealthy individuals resident in the UK and abroad including off-shore trusts, estate planning, capital transactions, share option schemes and other incentives for executive employees.

This senior level appointment with a real partnership potential in the short term, demands enthusiasm, commitment and the determination to succeed in this challenging role. If you feel you can meet this exacting criteria, write in strictest confidence to Chris Nelson, Manager, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH or telephone him on 01-831 2000 (evenings/weekends 01-785 6545).

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Ernst & Whinney

Corporate Tax Executive

Luton **to £40,000 + car & benefits**

Ernst & Whinney is acknowledged as a major tax adviser to businesses in the UK and throughout the world.

The Luton office of Ernst & Whinney is now 130 strong and offers all disciplines needed by clients in the region. The tax department supports the varied needs of a wide client base and has grown rapidly.

A vacancy now exists for an experienced corporate tax executive operating initially as a Senior Tax Manager. The successful applicant will support a vibrant corporate advisory team involved with all aspects of corporate re-organisation and regeneration encompassing investigations for acquisition, disposal, merger and flotation. Emphasis will be on client support, with departmental management responsibilities for more junior staff where appropriate. A fast growing department allows maximum career development and a salary and benefits package which reflects the seniority of this position.

For further information please contact **Graham King at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH** or telephone him on 01-831 2000 (evenings/weekends 01-785 6545). Alternatively contact John Zafar at **Michael Page Finance, Centurion House, 136-142 London Road, St. Albans, Herts AL1 1SA** or telephone him on (0727) 65813.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
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FINANCIAL CONTROLLER

To Provide The Impetus For Strategic Development.

Central Scotland **c £35,000 + Car**

Our client, a market leader, operates within the fiercely competitive FMCG sector. Its exceptional financial performance is derived from maintaining competitive advantage through a constant focus on a co-ordinated, highly innovative and strategic approach to all business practices.

This senior appointment carries financial control responsibility across a multi-product, multi-site division. Specifically it entails the establishement and development of all financial policies and systems to ensure a consistency of preparation and analysis across all locations. The remit covers management accounting and control, budget preparation and performance review and, on an on-going basis, improving the quality of financial information and reporting procedures.

A qualified CA/CIMA, the successful candidate will possess a strong professional track record ideally gained within a fast-moving commercial environment. The ability to manage, motivate and develop our client's financial teams and to provide operational management with high quality financial information and support is essential.

Candidates must be fully familiar with computerised financial control systems and be able to demonstrate the strategic planning and co-ordination skills necessary to ensure the successful development of the function.

An appropriate remuneration and benefits package commensurate with our client's status is offered together with exceptional career development prospects.

Please write, in confidence, giving concise career and salary details and quoting Ref. GMH115 to: Graham Hamilton.

KPMG Peat Marwick McLintock
Executive Selection,
33/34 Charlotte Square, Edinburgh EH2 4HF.

General Manager Group Development and Finance

Abbey plc

c £60,000 Sterling + Benefits **U.K. Based (Hertfordshire)**

Abbey p.l.c., with a turnover in excess of St£100m, are a major group involved in property development, house building and plant hire.

The development of organic growth opportunities and good acquisitions have contributed to rapid expansion, and highly impressive profit performances.

To continue with this strategy and pace of growth, we are now retained to identify and recruit a senior finance executive capable of assuming the responsibilities of this new role within the Group.

This position will report to the Group Finance Director while also having a close working relationship with the Chairman and Chief Executive.

Operating at Group level, the key areas of responsibility will include:

- Group Funding, Treasury and Tax Planning.
- Corporate Planning.
- Acquisitions/Business Development Strategy.
- Financial/Management Accounting.
- Information Technology and Management Information Systems.

Candidates applying for this most important post will be qualified chartered accountants aged between 30-45, and must have gained at least three years' relevant experience in most aspects of this type of job, preferably with a major U.K. based organisation. Strong interpersonal skills and a well developed commercial awareness are also essential qualities.

This postion offers a genuine challenge and the unique opportunity for the right person to progress quickly with a fast growing Group. Remuneration is structured to attract candidates of the highest calibre and will include a prestige company car.

Candidates should address a curriculum vitae in total confidence, to: Larry Kelly, Ernst & Whinney, Marine House, Clanwilliam Place, Dublin 2, Ireland or alternatively for a confidential discussion telephone him at Dublin 609433.

Ernst & Whinney
Management Consultants
IRELAND.

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FINANCIAL CONTROLLER

£28,000 + car + benefits + *opportunity...*

For a leading independent specialist contractor in the manufacture of theatre and television scenery, stage engineering, museum and gallery displays.

Established ten years ago in Central South London the Company now employs 80 staff turning over £3m in 1988 and is already exceeding its forecasted 30% growth for 1989. A strategically significant appointment to complement its strong technical management team is now sought. Achievement of the Company's goals will lead to appointment as Financial Director within twelve months.

You will have responsibility for a small team handling all the financial and cash management functions, statutory and management reporting, also for developing existing costing and budgetary systems, and in addition will provide analytical commercial appraisal and advice at Board level.

The successful candidate will be a CA,CIMA or ACA qualified accountant aged between 30 and 35 demonstrating a successful track record who maybe battlescarred by the rigours of one-off manufacturing commerce. A natural flair and liking for organisation and administration is essential - acquisition experience and an eye for opportunity will be extremely valuable.

You will be energetic, mature, keen to get out and about, hard dealing and yet have a sense of humour to succeed in this fast turnover high profile industry. Firm financial disciplines are required to maximise the profits generated by a pressurised but dedicated workforce who will reward the person who genuinely enjoys developing individuals into a team drawn from all walks of life.

The Board will have no hesitation in awarding the right candidate capable of picking up this challenging and open opportunity with a valuable share option within 24 months.

Please send a detailed CV in strict confidence to Martin Stainton FCA, at Stainton & Shafto (Appointments), 21 Wigmore Street, London W1H 9LA.

FINANCIAL & MANAGEMENT RECRUITMENT CONSULTANTS

Financial Accountant

Central London

ACAs 28-35 **c. £28,000 + car**

Our client is a major food importing/exporting group with an annual turnover in excess of £200 Million seeking to recruit a financial accountant to join the Head Office finance function in London.

Reporting to the Deputy General Manager, the role will entail repsonsibility for the preparation of computer controlled financial accounts, draft budgets, overseeing cashering/ treasury and payroll functions, bought ledger, sales ledger, insurances, car scheme etc.

Candidates (male or female) would be considered direct from public practice or with some years financial accounting experience gained in the FMCG sector.

For more information, please contact **George Ormrod BA (Oxon)** on **01-836 9501** or write with a copy of your CV to **Douglas Llambias Associates Limited, 410 Strand, London WC2R 0NS, quoting reference No. 3008.**

DOUGLAS LLAMBIAS

BIRMINGHAM 021-233 4421 · DUBLIN 698620 · EDINBURGH 031-225 7744 · GLASGOW 041-226 3101 · LONDON 01-836 9501 · MANCHESTER 061-236 1553

Financial Planning Analyst

Applied Biosystems is the leading supplier of systems and tools for biotechnology research and related applications. At Applied Biosystems we have experienced sustained high and profitable growth which we expect to continue.

We are currently seeking a Financial Planning Analyst who will be responsible for the provision of short and long term financial information and its analysis to European Management and to the U.S. Headquarters. This will require the organisation of management reporting, including consolidations. This is a new position which is based at our European Headquarters near Manchester. Travel around Europe and to California will be necessary.

The applicant should have a good working knowledge of English and a second European language and have a minimum of three years accounting experience in an international environment. Candidates should also have a recognised accounting qualification, with sound academic achievement.

With the continuing growth of Applied Biosystems, there is wide scope for career advancement into a financial management position. An attractive salary of not less than £28,000 is offered, plus Private Medical Scheme, Contributory Pension Scheme, Profit Share and Share Purchase Plan. Relocation expenses will be paid.

Applied Biosystems is an equal opportunities employer.

Applicants should apply in writing, enclosing a c.v. to Anne Balcerak, European Human Resources Manager, Applied Biosystems Ltd, Kelvin Close, Birchwood Science Park North, Warrington, WA3 7PB.

Applied Biosystems

FINANCIAL ACCOUNTS MANAGER

St. Albans

£25,000 + Car

An excellent opportunity for a young career minded individual to join the Leisure Division of a major group of companies in the service industry. This position has resulted from the continued expansion of the company and their plans for further acquisition and growth.

As a qualified accountant aged 28-32, you have the initiative and proven technical expertise to make a positive contribution to this progressive organisation. The role will require strong financial management skills, computer literacy and man management ability. Specific experience of the preparation of statutory accounts and tax computations will be particularly relevant.

In return for your commitment, the company offers a generous rewards package and unrivalled promotion prospects. Benefits include a petrol allowance, free medical and life insurance, company pension scheme and relocation assistance.

Interested applicants should contact Jenny Hanford on 0727 35116 (out of hours 0727 56986) or send career details to the address below.

MANAGEMENT PERSONNEL
Eclipse Court, Half Moon Yard, 14b Chequer Street
St. Albans, Herts AL1 3YD

Management Personnel
RECRUITMENT SOLUTIONS
LONDON · GUILDFORD · ST. ALBANS · WINDSOR
NEWBURY · BRISTOL · CAMBRIDGE

The leading European Corporation operating worldwide in communication systems (T/O 11bn Ecu) is seeking to recruit an

Assistant Treasurer

Reporting to the Group Treasurer, you will advise the group's subsidiaries worldwide in all treasury matters (investments, borrowings, cash management, exchange risk coverage, etc . . .). You will also be involved in high level contacts with the group's bankers and be responsible for maximising synergy within the function throughout the group. The position involves regular travel throughout the world.

You should have at least 8 years' experience within treasury in an international environment and have proven ability at communicating and negotiating at a senior level. English is essential with knowledge of other European languages being an advantage. Excellent career prospects within the group can be offered to an outstanding candidate.

The position is based in Paris.

Please contact **Xavier d'Anglade** in strict confidence in **Paris** on (010) 331 42 89 30 03 or write to him enclosing a comprehensive CV and quoting ref. no. XA 1080 FT at **Michael Page International, 10 rue Jean Goujon, 75008 Paris, France.**

MP
Michael Page International
International Recruitment Consultants
London Amsterdam Eindhoven Brussels Antwerp Paris Lyon Sydney

DEVELOPMENT ACCOUNTANT

Warwickshire To £25,000 (neg)+Car

Millward Brown Plc is a successful market research company with an excellent reputation for quality and innovation. As the 6th largest research agency in the UK it conducts a wide variety of research projects. More than 50 of the top 100 UK advertisers buy research from Millward Brown. The continuing expansion of the company has created the need for greater sophistication in accounting systems and a more structured approach to budgeting and forecasting.

Reporting to the UK Finance Director, this position will be responsible—with a small team—for the development of comprehensive costing, budgeting and forecasting procedures and systems for the UK operations, and for ensuring that these are fully understood and utilised to best effect. The efficient treasury management of the company, including investment and foreign currency dealings, is also an important part of the role.

Applicants must be qualified Accountants—probably aged 25-35—with good knowledge of computerised accounting systems and sound commercial awareness. Energy, enthusiasm and vision are essential for success as is the personality and approach to quickly gain respect and credibility at all levels.

This is an unusual opportunity—in a wide ranging role—to contribute directly to the success and growth of a progressive and dynamic organisation.

A salary of up to £25,000 per annum (negotiable for the right person) is offered, plus company car and a comprehensive benefits package.

Please apply in writing, giving full career and salary details, quoting reference L/116/89 to Morag Lloyd.

KPMG Peat Marwick McLintock
Executive Selection
Arlen House, Salisbury Road, Leicester LE1 7QS. Telephone (0533) 471122.

Corporate Finance Manager

A challenging role with a fast-growing, entrepreneurial company

Our client is a rapidly-expanding, London-based PLC which is building a significant business in the consumer leisure sector in the UK and overseas.

An able and energetic person is now to be appointed to assist the Finance Director by carrying out a wide range of corporate finance and treasury duties. These will focus on the analysis, assessment and negotiation of acquisitions and related financing, the day-to-day management of the treasury function, and importantly to contribute to the establishment and management of taxation and accounting policies and their practical implementation in specific cases.

The person sought is likely to be a graduate with a qualification in accounting, treasury or banking, and will have had at least 3 years' relevant experience within a growing company. Initiative and a flexible, problem-solving approach are essential.

An attractive salary and benefits package will be offered, including discretionary bonus, share options scheme and a car.

If you wish to apply for this position please write – in confidence – enclosing a CV to Douglas Austin, ref. B.7118.

MSL International

MSL International (UK) Ltd, 32 Aybrook Street, London W1M 3JL.
Offices in Europe, the Americas, Australasia and Asia Pacific.

Manager International Operational Review

£ negotiable + Car + Benefits

Our client is a *major* blue chip Consumer Products Group engaged in the development, manufacturing and marketing of a diverse range of brand name products.

Reporting to the Audit Director, you would be responsible for a team of auditors based at the West London European HQ, undertaking *reviews of organisational and functional* activities *for the subsidiaries* located in Europe, Middle East and Africa.

The operational review team carries responsibility for working closely with local Management to assess each location and to make constructive recommendations for improvements.

Applications are invited from qualified Accountants with a minimum of 5 years relevant experience with an innovative and analytical approach. A knowledge of computer systems and a willingness to undertake foreign travel is essential. A second European language would be desirable. An attractive salary package is offered which will include company car, annual bonus, non-contributory pension scheme and where appropriate relocation assistance.

For further details of this excellent career opportunity, please contact **Darrell Smith on 01-387 5400 (day) or 01-883 0287 (evenings and weekends)** or write to Financial Selection Services, Drayton House, Gordon Street, London WC1H 0AN.

financial SELECTION SERVICES
Executive Selection

Financial Controller

Multi-Site Service Business

M40 Corridor, To £30,000, Car

This £75m turnover business comprises a group of companies providing specialist services to industry, commerce and public authorities. A subsidiary of a major British plc, the group has an excellent record of profitable growth, fuelled by strong organic expansion and an active acquisition programme.

Reporting to the Financial Director, you will be responsible for ensuring that the financial and management information produced meets the needs of operational and commercial executives. You will head up a substantial *team and will play a key role* in the appraisal and integration of acquisitions and undertake a number of ad-hoc projects. There will be considerable contact with the parent plc through the regular reporting cycle.

A qualified accountant (preferably Chartered or Certified) aged 28-40, you must combine *excellent technical* accounting abilities with strong commercial awareness and proven staff management skills. An understanding of multi-site service business would be particularly useful. The company has ambitious plans for development, and good career prospects are assured in this dynamic environment.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to: *S.P. Spindler, Hoggett Bowers plc, George V Place, 4 Thames Avenue, WINDSOR, SL4 1QP. 0753-850851, Fax: 0753-853339, quoting Ref: W11080/FT.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD, WINDSOR
A Member of Blue Arrow plc

EUROPEAN ACCOUNTANT

Purley, Surrey c £28,000 + car

EMC² is a leading manufacturer of peripheral equipment for mainframe and mini computers. Headquartered in Boston, Massachusetts, the company is now looking for an experienced qualified Accountant to be based in the European Headquarters at Purley, Surrey.

Reporting to the European Controller, the ideal candidate will have the following background:-

1) Accounting qualification obtained in leading professional firm

2) Experience of USA and European reporting requirements

3) Strong familiarity with PCs and computerised business systems

4) Understanding of Foreign Exchange exposure management

5) Knowledge of French and/or German

If you are interested in the above position, please send your CV including recent photograph to Mr C Patteson, EMC Computer Systems (UK) Ltd, EMC House, 814 Brighton Road, Purley, Surrey CR2 2BR.

FINANCIAL CONTROLLER with STRONG COMMERCIAL ACUMEN

Surrey To £35,000 + Car

Our client, a leader in its industry, is a substantial, multi-site organisation engaged in the manufacture, marketing and distribution of consumer goods. The company's dramatic growth necessitates the recruitment of a dynamic and self motivated Financial Controller.

This high profile and influential appointment gives responsibility for the co-ordination and control of all head office accounting and divisional reporting activities together with the provision of sound financial guidance to the directors. Particular emphasis is to be placed on peformance monitoring, the evaluation of capital and business proposals, policies and procedures and the effective utilisation of resources.

Applications are invited from qualified accountants, aged 32-40, who can demonstrate strong technical ability in financial and particularly management accounting and a record of achievement in systems development matters. Candidates should also possess excellent interpersonal skills and have experience of working in an industrial environment.

For further information on this outstanding careeer position which offers genuine scope for progression into general management please contact Malcolm J. Hudson.

HUDSON SHRIBMAN
VERNON HSE·SICILIAN AVE·LONDON WC1A 2QH·TEL: 01-831 2323
FINANCIAL RECRUITMENT

Business Adviser

Property

C.London c.£32,500 + Car + Mortgage

The property division of a leading fund management organisation responsible for clients commercial property portfolios in excess of £4.5 billion, offers an unusual and challenging role for a suitably qualified accountant or MBA age 30-35 years.

Drawing on all your business skills you will provide a commercial overview for a number of *profit* centres. The job will involve the conceptual development and implementation of an executive information system, reporting key performance indicators to profit centre managers and the divisional board. You will contribute ideas and advice to each function by analysing their business strategies enabling the enhancement of profitability without detriment to service standards.

Career opportunities are exceptional in this diversifying group. The excellent benefits include a mortgage and non-contributory pension scheme.

Write, with full CV and daytime telephone number, to Patrick Donnelly, quoting ref: FT/043.

PD Consultants
MANAGEMENT · SELECTION
314/316 Vauxhall Bridge Road, London SW1V 1AA. Tel: 01-828 2273

Management Accountant

N. London

c£25,000 + bonus + car

Autonomous subsidiary of international manufacturing group seeks a Management Accountant who will be the primus inter pares reporting to the Financial Director and therefore be his Deputy. Remuneration package includes fully expensed 2 litre company car and relocation costs if necessary.

Candidates, aged 28-50, will be qualified accountants or Chartered Secretaries with several years' management accounting experience in manufacturing industry. High professional competence, application and computer literacy are essential qualities. Prospects are not restricted to this function in this company.

For full details write to W T Agar at JC&P, 104 Marylebone Lane, London, W1M 5FU demonstrating your relevance clearly and quoting 2301/FT.

John Courtis & Partners
Search and Selection

Accountant (Audit)

Major Oil Company

Amerada Hess is one of the fastest growing oil and gas exploration and production companies in the UK. In addition to having a wide range of joint venture interests in the North Sea, we are the operator of two oil fields, with a third field under development. With an annual turnover in excess of £2.5 billion, Amerada Hess is well known as one of the most successful and forward thinking companies, recruiting the best professional people and rewarding them accordingly.

Continued expansion means that we now need to recruit a further Auditor to work from our UK Head Office in London. This is a challenging role calling for a qualified Chartered Accountant with 2 to 3 years post qualification experience, preferably gained in the oil industry.

Duties will involve internal, project and joint venture audits, mainly in the UK. The successful candidate should be an organised self-starter and a confident and effective communicator. Applicants must demonstrate initiative and the ability to hold a high profile position involving constant contact with senior management. Familiarity with computerised accounting/reporting systems and a good knowledge of PC usage is also important.

We can offer you an excellent salary and generous benefits package. If you feel you can meet our requirements and are interested in a rewarding career within the oil industry, please write with full CV to Lesley Poole, Personnel Officer, Amerada Hess Limited, 2 Stephen Street, London W1P 1PL. No Agencies.

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